

MISSING PAGE'S

*THROUGHOUT
FOLDER*

THE FEDERAL EFFORT AGAINST ORGANIZED CRIME

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES NINETIETH CONGRESS FIRST SESSION

PART 2

JUNE 13, 20, AND 27, 1967

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THE FEDERAL EFFORT AGAINST ORGANIZED CRIME

TUESDAY, JUNE 13, 1967

HOUSE OF REPRESENTATIVES,
LEGAL AND MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m. in room 2247, Rayburn House Office Building, Representative Dante B. Fascell (chairman of the subcommittee) presiding.

Present: Representatives Fascell (presiding), Wright, St Germain, Vander Jagt, and Cowger.

Also present: M. Joseph Matan, chief counsel; Charles Rothenberg, counsel; and Millicent Y. Myers, clerk.

Mr. FASCELL. The subcommittee will please come to order.

In almost all of the studies that have been made concerning organized crime, emphasis has been laid on what might be called the traditional criminal activities in which crime syndicates engage, such as gambling, loan sharking, narcotics, prostitution, bootlegging, and the infiltration into legitimate businesses.

Recently the subcommittee's attention has been pointedly called to the fact that organized crime has found a new source of easy money in the counterfeiting of prescription drugs and medicines. In her book entitled "Black Market Medicine" Mrs. Margaret Kreig alleges that vicious hoodlums have infiltrated the ethical drug industry in the past few years, by manufacturing pills and medicines of dubious or contaminated quality, labeling them with well known product names of recognized pharmaceutical manufacturers, and distributing such drugs to the unknowing public as legitimate products. In the study being made by the Legal and Monetary Affairs Subcommittee of the Federal Government's efforts and capabilities to combat organized crime, the subcommittee is interested in the allegations that crime syndicates are moving into the prescription drugs and medicines areas which can so vitally affect the well-being of every person in this country.

The potential profits from the selling of fake copies of pills and medicines that are commonly prescribed for the whole range of human ills seems to make this a natural field for organized activity, unless stopped. The subcommittee will want to ascertain just how big a threat this new counterfeiting activity poses to everyone who must depend upon the integrity of prescription drugs and medicines. We will also want to find out fully what the Federal Government is doing, and can do, to eliminate that threat.

Mrs. Kreig who will testify this morning worked with undercover agents of the Food and Drug Administration, and many of her experiences are related in her book.

Mr. George P. Larrick, who was the Commissioner from 1954 to 1965 of the U.S. Food and Drug Administration, made this statement regarding the book:

This is a factual book based on the author's firsthand observation of undercover investigations conducted by U.S. Food and Drug Administration inspectors. The dialog is abstracted from tape recordings made on the scenes. Details of cases as well as general descriptions of criminal and law-enforcement activities are supported by investigational reports, records of hearings, statements made on oath, court transcripts, and other legal procedures. This documentation is corroborated by files made available to the author by FDA and, we understand, by other Federal agencies, congressional investigators, local police departments, private detectives, and pharmaceutical manufacturers.

Margaret Kreig is the first writer not employed by FDA to participate in our undercover operations and to have access to many of these records.

The idea for this book originated with the author. The viewpoint and conclusions are her own. As a condition of FDA's cooperation, we placed only two restrictions on her completed manuscript:

That it be technically accurate, and

That it be written, insofar as possible, so that lives and pending cases would not be jeopardized.

While working undercover, the author's life and the lives of several FDA inspectors were threatened by ex-convicts known to have close affiliation with Mafia leaders. These men are still at large, as are most of the individuals whose illicit practices are described.

The events in this book are so contemporary that we could not permit the use of actual names, locations, and other identifying characteristics.

That is signed by George P. Larrick, Commissioner.

Now, in the briefing part of this book I would like to read into the record some of the comments made by the author.

This is a report of the mushrooming, hoodlum-infiltrated illicit prescription drug industry that few people outside the Food and Drug Administration know exist.

Black-market medicine-makers and distributors operate beyond all laws designed to protect people from dangerous medications. Their broad spectrum of activity ranges from the sale of outdated and contaminated medications to the theft of formulas and the hijacking of legitimately produced drugs. They smuggle substandard products from abroad to market with false labels. Dangerous restricted drugs like LSD and the stimulant, amphetamine, are manufactured specifically for illicit distribution. A wide variety of other drugs to fill prescriptions for sick people are produced in totally unregulated plants operated in the manner of bootleg stills. There is a complex intermingling of legal and black-market medicines all along the distribution chain, from the synthesizer of active ingredients to the medicine cabinet of the ultimate consumer.

Still quoting:

From many reliable sources—FDA, FBI, IRS, Customs, the Federal Bureau of Narcotics, State and local policemen, prosecutors, congressional investigators, experts on labor racketeering, private detectives working for ethical drug companies, attorneys and other specialists in pharmaceutical law—I have compiled sufficient evidence to state that organized crime already has a good start in the infiltration of yet another major industry.

The international crime syndicate moves in where there is money—and the U.S. legitimate drug industry has a \$4.1 billion-a-year global business.

The pill traffic is definitely tied in with traditional mob enterprises like prostitution, pornography, pinball machines, bootleg whiskey, and policy, or the numbers.

We are here today to hear this evidence. We have requested Margaret Kreig to give us the benefit of her observations and suggestions.

I must add the comment that she certainly is a very determined woman and very courageous to have put in the time and effort to have compiled the material which she is presenting.

Mrs. Kreig, would you start out by giving us a short background statement and I understand you have a prepared statement.

STATEMENT OF MRS. MARGARET KREIG, AUTHOR OF "BLACK MARKET MEDICINE"

Mrs. KREIG. Yes, I have.

Mr. FASCELL. Without objection, the prepared statement will be inserted in the record, and you may then summarize as you wish.

Mrs. KREIG. Thank you, Mr. Chairman.

Gentlemen, my name is Margaret Kreig. I am a free-lance writer; that is, I am self-employed, and my research and writing on "Black Market Medicine" was done on my own time and at my own expense, without grants, subsidies, or reimbursements of any kind. I have devoted the past 3 years' full time to this investigation.

I very much appreciate your interest in my work, of course, but I am particularly gratified to find a congressional committee focusing attention upon the hoodlum-infiltration of the prescription drug industry. This is a problem that few people outside the Federal Food and Drug Administration even know exists, and the recent report of the President's Crime Commission, did not even allude to this.

Yet this is a problem that threatens the health and endangers the lives of countless Americans.

One billion prescriptions were filled in this country last year. No one knows—and "no one" includes the Food and Drug Administration—no one knows exactly how many were filled with counterfeited, contaminated, outdated, or otherwise substandard black-market medicines that have no business circulating in legal distribution channels, or anywhere else, for that matter.

The existence of these spurious and shoddy drugs is making a mockery of the Food, Drug, and Cosmetic Act and all of its amendments and every other safety provision designed to protect sick people who must take medication on doctors' orders.

My own deep concern about the infiltration of legitimate businesses by hoodlums began when I covered the Senate Judiciary Committee's investigation of interstate racketeering. I wrote an article in 1951 entitled "Will We Follow Through on the Kefauver Crime Investigation?"

So you can see I have been professionally interested in this particular subject, the subject of your inquiry, for 16 years.

As a consumer, as a parent, and as a former medical editor of Parents' magazine, I also have been, for a very long time, both personally and professionally concerned about prescription drugs, their use and their misuse and their abuse, as well as their cost to the average family when children suffer from a seemingly endless variety of infections and other people require long-term therapy for accidents and chronic illness.

However, I feel very strongly that drug quality, not to mention its authenticity, is of primary importance.

Drugs have become so increasingly complex and potent that we cannot call them lifesaving without recognizing they also may be death-dealing.

Because of the truth-in-packaging and other safety measures passed, the 89th Congress was characterized as a "consumers' Congress." I

hope that this trend continues, but with much greater emphasis on major threats to life and health rather than just concentrating on the perils to our pocketbooks.

We should be at least as concerned about what is really in our bottles of, say, the lifesaving and death-dealing antibiotic, chloramphenicol, as we have been about our boxes of corn flakes.

If I were dying of typhoid fever, I would want chloramphenicol despite its highly publicized adverse reaction, because it is the drug of choice for typhoid. I might be too far gone to ask questions about the actual synthesizer of the medications being administered, and I certainly could not compare the prices of the almost 100 generic distributors of this drug in the New York area alone, nor would I be able to go from pharmacy to pharmacy checking the prices in the New York retail outlets. I would have to put my faith in FDA's antibiotic batch certification program, and I would have to put out of my mind a complaint by an inspector that "Everybody and his brother are in chloramphenicol these days." The fact is money from loan sharking and labor racketeering, narcotics, gambling, this "black money" that is skimmed off these illicit activities has been invested in the manufacturing, in the distribution of chloramphenicol and other drugs.

I would also try to forget that this drug, and virtually every other leading medication, has turned up on the black market in this country and abroad. Such thoughts can make sick persons sicker. Having faith in one's doctor and in the medicines prescribed is part of the cure.

Every patient, I am sure you gentlemen agree, should have this peace of mind, should be fully protected against bogus and bootleg medications.

It was in the hope of ultimately helping to achieve this protection that I wrote "Black Market Medicine," that I have been traveling around the country talking about it, and that I am here today. But I have had many misgivings and second thoughts along the way.

No experienced, responsible writer in the medical field would publicize such a shocking situation without first trying to determine whether it was in the public interest to do so. I feared that helpless patients would be upset by these revelations, so before I wrote one word I consulted many authorities to try to determine whether or not the legitimate drug industry, ethical doctors and pharmacists, trade associations, and local, State, and Federal regulatory agencies could cooperate in cleaning up the illicit traffic in prescription drugs without pressure from the public and from Congress.

It is tragic, I think that these various factions are so preoccupied with the details of their own petty (petty to me in the overall picture) differences with each other that they cannot seem to get together even when all of their vested interests are threatened by a common enemy. That enemy is, to state it as simply as possible, the insidious, corrupt influence of a few renegades in the health professions and pharmaceutical manufacturing and distribution who will collaborate with hardened criminals.

All ethical people and companies involved with drugs suffer from the sins of the few violators who are publicized in my book. But the tendency is to deny the facts exposed, rather than to face up to them and to cooperate in driving the racketeers out of this vital field.

I first became aware of the black market in medicine while doing worldwide research on an earlier book called "Green Medicine: The Search for Plants that Heal."

I spent 4 years on that book, which traced the discovery and the development of compounds from the plant kingdom into major pharmaceuticals.

While in Latin America I was shocked to learn that antibiotic capsules and vials of injectable drugs shipped from the United States were being emptied of their expensive ingredients and filled with worthless substances before being sold to unsuspecting patients.

Such criminal diversion and adulteration of medication appeared again and again on the periphery of my research.

I also began to hear about the outright counterfeiting of tablets and capsules by hardened criminals with no qualifications for drug production.

Among my many sources in government, industry, and university research groups, there was a feeling that something quite drastic should be done about these problems. But the extent and nature of the criminal activities were all but unknown to the scientists.

The total problem had to be defined. The bits and pieces of information that I collected from all these sources had to be put together—and this, it seemed, could only be done with the full cooperation of the U.S. Food and Drug Administration.

In the late summer of 1964 I sought an interview with the FDA Commissioner at that time, Mr. George P. Larrick. This was the first time I had called upon FDA.

After several interviews, and I am sure much careful consideration, Mr. Larrick permitted me to observe the FDA's undercover investigations of drug counterfeiting and diversion. He permitted me to participate actively in some of these cases, and to have access to criminal case files.

To the best of my knowledge and that of FDA, I was the first person with this particular background—which included medical writing and editing, pharmaceutical research, and crime reporting—to request permission to work on this specific subject inside FDA while still maintaining complete independence as an investigator and a writer.

The idea for the book was my own. Mr. Larrick placed only two restrictions on my completed manuscript: That it be technically accurate and, that it be written, insofar as possible, so that lives and pending cases would not be jeopardized. Therefore, actual names of criminals in cases still under investigation could not be used in the book.

However, all the material upon which the book is based, including much information that I obtained outside FDA, has been turned over to the Federal Government. I have retained no records and I shall, of course, continue to live up to my agreement to protect lives and pending cases.

Upon Mr. Larrick's retirement, Dr. James L. Goddard, his successor, and his staff, permitted me to complete my research. Other Federal, State, and local law enforcement agencies also cooperated.

Several years of this close working relationship with law enforcers on the scenes of the crimes has convinced me that organized groups of criminals are beginning definitely to infiltrate the drug industry at various levels.

In fact, I believe that we have in this country two so-called drug industries, and they are not at all easy to define, although I shall try.

One is the registered and routinely inspected, although not often enough, drug industry including such giants as Merck, Lederle, Squibb, Upjohn, Parke-Davis, Eli Lilly, and so on, as well as smaller companies producing drugs under their generic rather than their brand names.

The giants were once small, and some of them also produce generic name products. There is nothing wrong with being small or marketing unbranded products, so long as these are in compliance with the Food, Drug, and Cosmetic Act.

Large, medium, and small drug producers are not exempt from human error, and from time to time their products are recalled and their advertising and pricing policies are the subject of hearings and popular articles and books.

The adverse reactions that their drugs sometimes produce in patients are also much in the news. But the vast majority of people who operate these companies are by no stretch of the imagination charter members of the international crime cartel known as the Mafia or La Cosa Nostra.

When they are charged with violation of the Food, Drug, and Cosmetic Act, they usually try to remedy the situation and bring about a state of voluntary compliance. Some of them—FDA district directors have told me—even have been known to strive for the utopian goal of zero defects in manufacturing.

The second drug industry is many faceted. Basically, it includes clandestine laboratories not known to the FDA and, therefore, not registered for inspection; and persons in the legitimate drug industry who are moonlighting beyond the reach of the law.

Then there is a gray market between the two, a sort of no man's land, teeming with willful violators, as the FDA calls them.

The closer one gets to the so-called prescription drug industry—and I have been a fairly close observer from many vantage points since the late 1950's—the more one is ready to state that there is no such entity.

People who defend or attack the drug industry—in capital letters—whatever their motivations, should consider that this term is virtually meaningless without extensive amplification.

The black-market medicinemakers, distributors, and dispensers are crooks. It is as simple as that and it is self-explanatory.

That was my prefatory statement. I would like to go back to my prepared statement now, in which I, on page 3, allude to the fact that these facts should prompt serious concern about the medicines we take.

The advice we consumers receive is not always as authoritative as it purports to be. For example, widely distributed published lists of drug manufacturers that are being publicized as reliable guides to low-cost sources of dependable medications have been published recently by reputable publishers.

One of the lists of drug firms is allegedly used by the military procurement.

Along with its companion list, these have received warm endorsement by respected Members of the Congress, editorial writers, and other influential opinion molders throughout the country.

Under the circumstances, most Americans would consider such compilations thoroughly reliable.

But, gentlemen, I am sure that the congressional sponsors are unaware that more than just one or two of those companies are currently involved in FDA criminal cases, and I emphasize here that I am not only speaking of poor manufacturing practices, not having any vitamin B¹² in B¹² capsules; I am speaking of outright conniving on the part of presidents and vice presidents of these firms, owners, and operators, with the underworld and black-market deals.

In fact, some of the officials of these various listed companies describe their shady operations in my book "Black Market Medicine," in excerpts from officially tape-recorded conversations I heard while accompanying FDA undercover inspectors. These transcripts are available. They are on file.

You and I know the problems of interagency communication and cooperation which permit such a situation to arise in Government, but the consumer does not. He innocently believes he is receiving the final word from our Government on where to buy safe medications: names, addresses, and telephone numbers.

But actually FDA is investigating and prosecuting these very manufacturers, at this very moment.

The distribution of counterfeits has encompassed the entire country. One of the most vicious crimes is the counterfeiting of lifesaving prescription drugs. This is not against a specific counterfeiting law in most States, and, according to Federal law, passed in 1965, it is a misdemeanor.

According to FDA, drug counterfeiting began to increase enormously in 1960. Industry sources and the FDA report that every major drug company has, at one time or another, had to cope with the problem of imitations or counterfeits of its products.

Preparations of underworld origin have been found intermixed in almost every type of commonly prescribed medication. I have some examples here of the fact that black marketeers deal in all kinds of medications that may be counterfeited, contaminated, subpotent, outdated, or otherwise substandard.

The drugs listed here are some samples that were picked up in FDA cases: antibiotics; sulfas; antifungals; antispasmodics; tranquilizers; asthma remedies; hormones, including thyroid, diuretics, quinine and quinidine; sedatives; and "knockout drops" and drugs for the control of serious mental disorders.

Dosage forms range from liquid injectables to tiny tablets of thyroid extract.

One of the most complicated drugs to produce, the hard-gelatin capsule filled with medicated pellets for timed release, has been a favorite with drug counterfeiters.

Counterfeit tablets and capsules are usually so nearly perfect in their resemblance to genuine products that physicians, pharmacists, and patients cannot, on sight, distinguish any differences. It is necessary to compare them with the authentic products, both microscopically and chemically in special FDA laboratories staffed by "pillistics" experts to detect the vital differences.

In other words, while a chemist or even a pharmacist could analyze a tablet or a capsule for its ingredients, unless he had a complete file

of all the authentic tablets punched out on the punches and dies of legitimate manufacturers, he would not be able to tell whether or not that particular tablet was an authentic medication or a bogus one.

I brought an unmarked punch and die such as are used in a tableting machine to show you that the principle is the same as the scratches left on a bullet by the rifle barrel. Each tablet in the world, each tablet punched, is unique. The problems of the FDA sleuths, when they find a counterfeit tablet with unusual scratches on it are: Where is that clandestine lab? Who has those punches? And, did they ever see a tablet with that scratch on it before? Sometimes they did, because this tableting machinery is not controlled. When companies go bankrupt—as one company on a widely circulated list went bankrupt last week—they may have gotten their tableting and other manufacturing equipment from some of the shady characters that I mentioned in my book, and when they auction off all this, other shady characters come and put their initials down but not their names, and they will spirit off this manufacturing equipment and begin operating again.

So the FDA problem is really overwhelming in trying to trace the source of a counterfeit or a dangerous drug that is being distributed outside legitimate channels.

I have another exhibit here taken from drugs confiscated during one of the operations that I was observing, and which has the counterfeit tablet or capsule next to the genuine one. The question is: Which pill is the phony?

I am sure all agree that this counterfeiting is a very sophisticated operation so far as the tableting and the capsulemaking is concerned, and so far as their visual appearance is concerned.

The distribution of counterfeits has encompassed the entire country. They are dispensed in spanking new pharmacies in shopping centers, as well as in cutrate chainstores in rundown neighborhoods.

No statistics are available on the extent of the problem. During 1964 the New York State Board of Pharmacy found 131 different samples of what they called spurious drugs, but the only nationwide drug counterfeiting survey was made back in 1960.

In one phase of this survey, the FDA had prescriptions for six drugs known to be counterfeited filled by retailers under suspicion in various parts of the country. Of 59 prescriptions dispensed, 42 were counterfeit.

FDA has no regular survey procedure nationwide to keep track of the national black market today.

A New York Times report in 1964 on Dexedrine quoted a drug company executive as saying, "The drug industry is bedeviled constantly by counterfeit drugs whose annual sale amounts to between \$50 and \$100 million."

John Finlator, Director of FDA's relatively new Bureau of Drug Abuse Control (BDAC), has publicly stated that an estimate of \$25 million worth of counterfeit drugs annually "would only scratch the surface."

I have seen, in just one FDA raid—and this was when there was a delay of 2 weeks in obtaining the search warrant for the premises, and we had reliable information from informants of evidence that much of this clandestine manufacture had been destroyed in the meanwhile—I

saw \$1 million worth of counterfeit medications for heart disease, arthritis, and other ailments stashed away in a suburban garage.

I have seen invoices and shipping labels directing counterfeit medications to customers in virtually every State.

The black market is big; it is growing; it is developing virtually unchecked by regulation or restraint. Criminal participation has and apparently will continue to expand. Hole-in-the-wall clandestine manufacturing and back-door drug distribution by legitimate fronts show little sign of abating in the face of minimal penalties.

The amount of medication outside of legitimate channels and beyond the reach of existing regulation is difficult to estimate. But the cost in lives, to me, far outweighs the economic considerations. One death should be sufficient to shock us out of our apathy; the deadly stockpiles which FDA has uncovered should spark major concern. Yet that concern does not exist yet.

Sometimes I think the very complexity of the problem and the overlapping jurisdictions of Government agencies contribute, however accidentally, to maintaining a frightening, dangerous situation.

I won't read the drug company names of the medications that have been counterfeited, duplicated, or put on bottles and shipping cartons, because they are available in my prepared statement, but also because every major drug company at some time or another has had this problem. If we single out the drugs that have been confiscated as of this hour, tonight and tomorrow and next week, competitive brands may well be in the hands of the underworld.

So this singling out—although I have had to do it in my book for the sake of documentation—the singling out of any particular company or product is, in a sense, unfair and unrealistic because it is a widespread problem.

These drugs, diverted or illegitimately produced, are intermingled all along the line of distribution with authentic medications.

A drug company vice president confessed that he had trouble picking out the imitations of his firm's own products without resorting to laboratory analysis. He said, "Since I have to take some of these on doctor's orders, and sometimes buy them on the outside while traveling, I must admit that it makes me quite uneasy."

Well, very, very few of us in this country can go inside of what we know or hope to be legitimate companies and obtain our medications; we have to play, what I call, a form of pharmaceutical roulette down at the corner drugstore.

In previous Government investigations of underworld ownership and financing of legitimate businesses, racketeers were, as you know very well, found to have direct and substantial interests in food products, garment manufacturing, home construction, restaurants, even the control of banks and brokerage firms.

In addition, during the course of my own investigation, I compiled from many reliable sources, FDA, FBI, IRS, Customs, the Federal Bureau of Narcotics, State and local enforcers, prosecutors, congressional investigators, experts on labor racketeering, private detectives working for legitimate drug companies, attorneys and other specialists in pharmaceutical law; from all of these people I compiled sufficient evidence to state that organized crime already has a good start in

the infiltration of yet another major industry. But this time, the muscling-in constitutes a life or death matter for millions.

Our apathy could be the death of us. The lurid "black hand" that skins money off the take in Las Vegas is also reaching right into our family medicine cabinets.

The reason primarily is greed. Some active ingredients for prescription drugs are several hundred times more costly than gold, ounce for ounce. A tractor-trailer load of finished drugs can be worth close to half a million dollars.

The value, the ultimate value, of a newly discovered chemical compound, a manufacturing process, or an antibiotic culture may prove to be many, many millions.

Drugs in all stages of development, manufacture, and distribution, have been stolen from laboratories, hijacked en route, fenced through criminal rings which sometimes involve pharmacists and wholesalers, smuggled across borders, smuggled back into this country under different labels and sold to unsuspecting ethical companies, pharmacists, hospitals.

I have heard defense attorneys plead that these are only economic crimes, forms of patent infringement. In fact, even a drug counterfeiter's lawyer not long ago used this very same plea even though the FDA had their medical experts there to testify that these specific drugs were dangerous to health and life.

These crimes are crimes against people, and they are perpetrated in many cases by hoodlums with long criminal records hiding behind legitimate fronts.

We have heard a great deal about victimless crimes, gambling and so forth, in which citizens collaborate with the underworld.

I think the most horrible thing about this crime, and one thing that we should face is that these are crimes with victims, innocent, sick, helpless people who, in no way are collaborating or conniving with the underworld when they go in with a doctor's prescription in their hands, and that prescription is filled with drugs that are manufactured by willful lawbreakers.

Black market medicine cuts across so many different business and professional levels that it undoubtedly includes a greater variety of legitimate fronts or covers than any other illegal endeavor. But prosecutors cannot expose the criminal backgrounds of such people during pretrial hearings or in court because this might prejudice the judge and jury, and also the press.

Chronic criminality may be concealed indefinitely because of scattered or lost records, a multiplicity of aliases, and new occupational covers in different jurisdictions as these people flit from one jurisdiction to another.

Consequently, unarmed FDA inspectors who are not empowered to make arrests, have dealt with lieutenants and soldiers in charted Mafia families thinking they were only petty crooks or shady businessmen.

The moment of truth comes when gangland contracts are made on the lives of the FDA inspectors and the BDAC undercover agents.

While I was working undercover with FDA unarmed inspectors, an underling of a notorious mobster on the eastern coast threatened to kill me if I turned out to be a writer. He has a record for crimes of

violence going back 30 years. When he came to trial on violation of the Food, Drug, and Cosmetic Act, the Federal judge suspended his sentencing and he is now at large.

I am afraid of this man, and I have been for a long time. But I am even more afraid of the far-reaching consequences of hoodlums producing lifesaving medications for mass distribution.

Sgt. Ralph Salerno, formerly of the New York Police Department, and one of the country's top experts on organized crime, was one of the men I turned to when my life was threatened. FDA inspectors did not then know the true nature of the criminals that they were trying to apprehend. He and other experts such as Mr. George H. Gaffney, the Deputy Commissioner of the Federal Bureau of Narcotics, identified these people for me as did Sgt. Ben Gregor of the NYPD and some former special agents of the FBI, who were able to fill me in. I have actually seen criminal records and obtained a great deal of information which I then passed on to the FDA.

Sgt. Ralph Salerno says that when hoodlums take over a legitimate business people often say, "Well, are the products just as good?"

I have actually been asked this question many times by interviewers. Are the counterfeit drugs just as good as the ones made by the legitimate companies?

The answer to that is that whenever racketeers take over a legitimate business, eventually there is cornercutting. In the meatpacking business, some aspects of which they took over, you know in no time at all there was adulteration and contamination.

As Ralph Salerno says, "Even when they are 'legitimate,' they just can't go straight!"

In discussing the new drug abuse control amendments in 1965, I heard a counterfeit drug salesman, who was a former loan shark, breezily observe, "What difference, old laws, new laws, all the same. We aren't legit, so the law don't apply to us."

Mr. George Gaffney told me that the Mafia's first venture into so-called ethical drug manufacturing consisted of counterfeiting of synthetic pain relievers for sale to hospitals.

One of the characters in my book, a big time heroin peddler who turned to prescription drug manufacturing and distribution, started out initially by making facsimiles of the Treasury stamps used on narcotic medications for sick people. Then he branched out into heart medicines, reducing pills, tranquilizers, and so forth.

Excuse me, I am trying to summarize this for you because you would like me to, wouldn't you?

Mr. FASCELL. Yes.

Mrs. KREIG. I would like to say a word about the gray market, moonlighting. Any company that employs, as some drug companies do, a thousand researchers or more can have in its midst a trusted man who is selling trade secrets about the lifeblood of the industry—new drugs in development. Or they can have a man who is synthesizing active ingredients in his bathroom at night, and I have some pictures of bathtub laboratories. This man may be in the grip of blackmailers or loan sharks and, therefore, he is vulnerable, and he might stoop to anything, even to stealing monogrammed punches and dies, and giving them to the underworld for duplication.

You might ask, What of the small company where there are only two men making the command decisions, a partnership? There are no stockholders, and the few employees out in the plant are not about to countermand any orders that come from the head office.

There are some generic drug producers who moonlight by imprinting the brand names of other manufacturers on their products, and then sell them as the real thing.

Among these registered, although irresponsible, drug producers, FDA inspectors discovered the tableting of oral medications on machines immediately after deadly pesticides were tableted with no cleaning whatsoever in between. In fact, the plant did not even have facilities to clean the tableting machines. It would not have to be a case of contamination with a pesticide to be deadly because making penicillin or hormones, has caused contamination between drugs to be extremely dangerous when they were also punching out, say, vitamin C tablets.

The Federal judge felt, when this case came to trial, that these persons should not be in the prescription drug business. However, since the production manager had no other means of livelihood, he was permitted on probation to supervise the production line in a new company set up by these people, and he is still in business today, as are all the other people involved in this case.

In order to begin pharmaceutical production, one must, according to the current law, send in for a registration number. This is a record-keeping device. It means that sometime during the next year or so an inspector will check up on your qualifications and your physical plant.

Meanwhile you are free to punch out all the pharmaceuticals you can manage to produce. You are "home safe" until they catch you, that is. Or, as one man put it, "You could, meantime, have a cage of ring-tailed monkeys making the stuff." But some drug producers prefer not to register at all. They operate in the manner of bootleg stills, completely beyond the law.

Where are these phantom labs? Who knows? We heard rumors there were four on the Upper West Side of Manhattan. In tape-recorded conversations we have heard hardened criminals talking about taking over farmhouses in the Northwestern States and turning them into counterfeit drug production plants and "knocking" the drugs out all over the country. This was based upon their previous practical experience in setting up stills during Prohibition.

In those days it was bootleg whiskey in fake bottles. Now it is bootleg pills, ditto.

The Mafia's heavy hand falls on key people. They know just how to staff an organization and keep it going, and their reasoning goes something like this: Here is a chemist who is having financial trouble. Let him know how he can make a buck and then lean on him.

Here is a little manufacturer going under, so they take over. Maybe he does go under, but they start a new corporation, and maybe it is more profitable to go bankrupt again.

A pharmacist does not like their pills? Then they offer to throw him down the cellar stairs or through his front window.

The Mafia and other organized crime rings comprised of other ethnic groups or mixed groups, say, "We already have truck stops--

we already have them over a barrel as far as pinball and vending machines are concerned. Why not push pills and pornography and 30-unit, motel brothels? Have a package deal. And while we are at it, we might as well stake out a three-State or four-State territory." They will kill to protect these territories. "Joe's Truck Stop won't stock our Bennies? Break Joe's legs!" That has happened.

Shadowy figures remaining in the background are the big names on the Mafia family charts, the 24 Mafia "families."

I have heard a criminal underling assure two FDA Chief Inspectors that no action will be permitted in that particular jurisdiction, which included two FDA districts, without a slice of the action going to the overlords in the area.

In a number of cases the names of overlords and lieutenants and buttonmen were dropped in the course of relatively mundane drug buys.

Informants assured FDA that "the big boys" are in it. One said that the entire United States has been divided into 18 drug distribution territories, and he showed us counterfeits of Lederle, CIBA, and Warner-Chilcott prescription drugs that were manufactured abroad.

Who was bankrolling this? We were told that the bankrollers in this very businesslike takeover were so-called "numbered accounts" in Swiss banks.

This particular FDA investigation evidently has collapsed because too many agencies were involved. It was a case of "Lay off, this guy is *our* informant." This sort of thing happens all the time, as you know.

But I could not help thinking that the overseas planners with their 18 districts were one up on FDA which now has only 17 districts.

Is it an exaggeration to talk of a criminal takeover of segments of the legitimate drug industry when:

A major manufacturer sold only a few bottles of a leading drug in one of our largest cities because black-marketeers got there first?

At least one company has already been driven into bankruptcy because its most heavily advertised drug was counterfeited?

Countless pharmacies are forced out of business by unfair competition from unethical druggists who buy on the black market.

Mafia leaders from a number of States have little Apalachin-type "sitdowns" to discuss getting into chemicals and pharmaceuticals to avoid the heat of narcotics trafficking?

Hoodlum enforcers use muscle to persuade reluctant collaborators—and there is more than a whiff of suspicion that labor racketeers have engineered splendid drug-selling deals in various parts of the country by forcing union members to trade in pharmacies supplied and controlled by mob members?

An FDA district director told me just this last week that he had several ongoing investigations. There are conspiracy cases involving pharmaceutical manufacturing backed by Mafia money.

These people are making, among other drugs, one of the most potent medications on the market today. These drugs require the most skilled handling and the most care in prescribing.

(I'll not give you the history of drug counterfeiting because it is in my prepared statement.) I will say that what we seem to need most to remedy the situation is to go beyond merely strengthening our drug

laws, in order to deal with the criminals who hold all laws and our lives in such contempt.

I think one of the important, most important things is that we must change our attitude toward the Federal agency that regulates the legitimate prescription drug business and tries to stamp out the illicit traffic. This, of course, is the U.S. Food and Drug Administration.

Parenthetically, I should probably emphasize that I am not now, and I never have been, an FDA employee, and I was, in fact, quite prejudiced against the FDA when I began my research in the autumn of 1964.

At the time Mr. Larrick gave me permission to work with the FDA, neither he nor I knew whether I would write a positive story about FDA or not. It could well have been another book like Fred Cook's "The FBI Nobody Knows," [or "Inside The FBI"].

As I traveled from one law enforcement agency to another in the course of my research, I found a reluctance on the part of other Federal agencies to share important information with FDA.

Some local and State police officers handling dangerous drug cases were even unaware that FDA has jurisdiction over goofballs and pep pills and LSD, and so forth. I realize that interagency cooperation has always been a problem. In fact, it seems that many law enforcers are more jealous of their pet informants [and cases] than they might be of their wives.

FDA inspectors must be college graduates, and most of their time is spent regulating reasonably ethical people.

A few old hands at FDA felt that OTC-work, illicit drug sales, was somehow beneath their dignity. As one put it, "If I wanted to be a cop, I would have joined New York's finest." He thought that he was in the business of regulating gentlemen, and he was a gentleman.

Unhappily, not all the drug producers and handlers in his district were certified gentlemen; happily, he is retired, and that attitude is beginning to change.

As an outsider, I have found many things to criticize inside FDA. Not all of the officials or men in the field emerge as heroes. However, I think part of the fault lies not so much with the agency as with the public and with the Congress and the press. We get what we pay for, and what we demand, and I believe we taxpayers pay something like 19 cents per capita for FDA's broad coverage of consumer protection.

If we expect FDA to fight the mushrooming drug business—mushrooming illicit drug business, we must radically revise our thinking, not to mention our budgeting, and the budgeting should include "warm bodies" as well as dollars. These people need more inspectors as well as money.

The criminal and noncriminal industries cannot be neatly compartmented. They, like their products, are sometimes intermingled, and they require the attention of both the FDA inspectors and the undercover—the well trained, criminally-oriented, you might say—BDAC agent, working as a team.

This means that to control the willful criminals, many ethical companies and individuals will have to bear the burden of stronger regulation, more frequent inspection and, as I suggest in my book, licensing rather than just mere registration.

I believe the decent people in the drug industry and in the health professions do want this black market in medicine cleaned up, although they were far from eager to see it publicized. In the final analysis, it will take full cooperation all along the line, including that between regulators and the regulated, to drive the criminals from the pharmaceutical industry.

Contrary to some critics of FDA, who see an unholy alliance whenever this agency meets with representatives from the drug industry, I feel that there must be much, much greater cooperation and communication, and it should somehow be removed from the day-to-day adversary situation.

Perhaps, in fighting criminality in the drug business, an outside agency should coordinate the effort. For instance, I have been the recipient of much useful information on specific criminal activities passed on by drug companies' security men, who were former special agents of the FBI in many cases, and from the drug company officials and pharmacists who did not wish to go directly to FDA lest this be misconstrued as currying favor with the regulators.

As an example, dozens of hijacked truckloads of legitimately manufactured drugs are not reported to FDA. Now, this is one of the areas in which there is the most pronounced and easily detected and proved organized crime effort in the pharmaceutical field.

What happens if FDA has to recall batches of these drugs? Frequently they are repacked. Their lot numbers are changed and all the protection we have in all of the carefully designed amendments to the Food, Drug and Cosmetic Act are completely scuttled by this.

FDA cannot check on this medication because they are unaware that it has left legal channels of distribution, only to reenter in some other guise.

Information that for one reason or another cannot be given directly to FDA, should probably be given through the Organized Crime Division of the Department of Justice, which has coordinating authority over the many agencies now involved in pharmaceuticals in one way or another. FBI is called in on interstate shipments of drugs that are hijacked. Customs is involved when drugs are smuggled. Federal narcotics agents frequently find LSD and other dangerous drugs during the course of their raids, although these come under the Food, Drug and Cosmetic Act, not under the Harrison Act, which they enforce.

Lastly, I urge consumers and Congressmen and the members of the press who are perennially preoccupied with the price of drugs to give at least some consideration to their quality and safety.

We cannot have a dependable, safe drug supply with two drug industries, one regulated and one virtually unregulated by reason of being clandestine.

Instead of only demanding, for instance, that drugs be prescribed by their generic names, I feel we should ask that drugs be prescribed from known, inspected drug plants with approved quality controls, be they brand name producers or generic producers.

The actual source of the medication, its authenticity is important, as well as its price.

(The prepared statement of Mrs. Kreig follows:)

PREPARED STATEMENT OF MARGARET KREIG, AUTHOR OF "BLACK MARKET MEDICINE"

Mr. Chairman, gentlemen, my name is Margaret Kreig. I am a freelance writer; that is, I am self-employed and my research and writing on "Black Market

Medicine" were done on my own time and at my own expense, without grants, subsidies, or reimbursements of any kind. I have devoted the past 3 years, full time, to this investigation.

I had the opportunity some years ago to write a magazine article resulting from the revelation of the original Kefauver crime hearings. Subsequently, I specialized in science writing and as medical editor of "Parents' Magazine," was exposed to the problems and concerns of the consumer about the increasing multiplicity and complexity of lifesaving medications which are now used by the American people to the extent of 1 billion prescriptions annually. Several years ago I had the opportunity to do worldwide research which produced my earlier book, "Green Medicine." That book traced the development of many so-called folk medicines into major pharmaceuticals in current use today in ethical medical practice.

It was then that I first became aware of the black market. I was first surprised and then shocked to find, in South America for example, that lifesaving antibiotics in distribution there, apparently from legitimate American sources, were not what they appeared to be. The capsules had been diverted from distribution channels, the active ingredients removed and the capsules filled with worthless substances such as sawdust, then returned to circulation.

Such diversion and adulteration of medication appeared again and again on the periphery of my research.

As a result, when that book was completed, I began to check on the extent of this new problem in our country. I found that on the part of many sources among pharmacists, within the drug industry and in the Federal Government, a reluctant acknowledgment that the problem existed and a frank but private avowal that the extent of the counterfeiting and diversion of drugs was not really well known.

As a result, I sought an interview with the then-Commissioner of the Food and Drug Administration, George Larrick, in September 1964. That was my first contact with the FDA. Mr. Larrick permitted me, after several interviews, to begin my research on "Black Market Medicine" from a unique position. I was given access to FDA files on pending and developing cases. I was permitted to work actively, usually undercover, with agents of the Food and Drug Administration investigating counterfeiting and diversion.

To the best of my knowledge and that of the Food and Drug Administration, I am the first reporter who has been given an opportunity to work closely from the inside of any comparable Federal agency while maintaining complete independence as an investigator and writer. FDA placed only two conditions upon their cooperation—that my completed manuscript be technically accurate and that it be written insofar as possible so that lives and pending cases would not be jeopardized. In his documentation in my book as published, Mr. Larrick points out, "while working undercover the author's life and the lives of several FDA inspectors were threatened by exconvicts known to have close affiliation with Mafia leaders. These men are still at large as are most of the individuals whose illicit practices are described."

On Mr. Larrick's retirement, Dr. Goddard, his successor, and his staff, continued the cooperation which permitted me to complete my research. Other Federal, local, and State law enforcement agencies also extended frank cooperation.

Several years of this close working relationship with FDA has revealed without question that organized crime is making a major move to substantially infiltrate the drug industry at the manufacturing and distribution levels. There is no question that those actively engaged in this effort have close connections with organized crime in this country and with the international aspects of what is sometimes called the crime syndicate or the Mafia.

For obvious reasons, most of the names used in cases described in my book are pseudonyms. However, all of the facts are contained in records now in the hands of Federal agencies including materials which I developed independently of the FDA.

These facts should prompt serious concern about the medicines we all take. And the advice we get is not always as authoritative as it seems to be.

For example, I recently saw a group of widely distributed, published lists of drug manufacturers, purportedly a guide to reliable, low-cost sources of medications. One of the lists of drug firms is allegedly approved for Defense Department procurement. That, along with its companion lists, have received warm endorsement from respected members of the Congress. Under the circumstances

I am sure most Americans would consider such compilations as thoroughly reliable.

But gentlemen, I am sure that all of the congressional sponsors are unaware that more than a few of those companies are currently involved in FDA criminal cases. I emphasize here I am speaking not only of poor manufacturing practice, but black market deals. In fact some of the officials of those companies describe their operations in my book, in recorded conversations I heard while accompanying FDA undercover inspectors. Those transcripts are on file.

You and I, perhaps, know the problems of interagency cooperation which exist in Government, permitting such a situation to arise, but the consumer does not. He innocently believes he is taking the advice of one Government agency about where to buy, while another is investigating the very integrity of the products involved.

In 1965 amendments to the Food, Drug, and Cosmetic Act, the Congress clearly defined "counterfeiting" as applied to medications. I should like to quote that section of the law—for it is precisely here that organized crime, the Mafia, has chosen to launch its attack on the American medicine chest.

"The Congress finds and declares that there is a substantial traffic in counterfeit drugs simulating the brand or other identifying mark or device of the manufacturer of the genuine article; that such traffic poses a serious hazard to the health of innocent consumers of such drugs because of the lack of proper qualifications, facilities, and manufacturing controls on the part of the counterfeiter, whose operations are clandestine; that, while such drugs are deemed misbranded within the meaning of section 502(i) of the Federal Food, Drug, and Cosmetic Act, the controls for the suppression of the traffic in such drugs are inadequate because of the difficulty of determining the place of interstate origin of such drugs and, if that place is discovered, the fact that the implements for counterfeiting are not subject to seizure, and that these factors require enactment of additional controls with respect to such drugs without regard to their interstate or intrastate origins. * * * The term 'counterfeit drug' means a drug which, or the container or labeling of which, without authorization, bears the trademark, trade name, or other identifying mark, imprint, or device, or any likeness thereof, of a drug manufacturer, processor, packer, or distributor other than the person or persons who in fact manufactured, processed, packed, or distributed such drug and which thereby falsely purports or is represented to be the product of, or to have been packed or distributed by, such other drug manufacturer, processor, packer, or distributor."

One billion prescriptions costing \$3 billion were filled in this country last year. But no one knows exactly how many were filled with counterfeited, contaminated, outdated, or otherwise substandard black-market products.

The distribution of counterfeits has encompassed the entire country—being dispensed in spanking new pharmacies in shopping centers as well as in cut-rate chain stores in run-down neighborhoods. Few statistics are available on the extent of the problem. During 1964 the New York State Board of Pharmacy found 131 different samples of spurious drugs. The only nation-wide survey was made back in 1960. In one phase of this survey, the FDA had prescriptions for six drugs known to be counterfeited, filled by retailers under suspicion in various parts of the country. Approximately 250 stores were visited and of 59 prescriptions dispensed, 42 were counterfeit. Two random surveys of drug stores were made at about the same time. One of these surveys of 900 stores showed that 1 percent of the drugs purchased were bogus; the other survey made in an east coast city showed that all purchases were authentic drugs. FDA has no regular survey procedure to keep track of the black market today.

A New York Times report in 1964 on fake Dexedrine quoted a drug company executive as saying, "The industry is bedeviled constantly by counterfeit drugs whose annual sale amounts to between \$50 and \$100 million."

John Finlater, Director of FDA's relatively new Bureau of Drug Abuse Control, has publicly stated that an estimate of \$25 million worth of counterfeit drugs annually, "would only scratch the surface." I would certainly agree.

I have seen—in just one FDA raid—more than \$1 million worth of counterfeit medications for heart disease, arthritis, and other ailments stashed away in a hidden, underground garage.

I have seen invoices and counterfeit shipping labels directing counterfeit medications to customers in virtually every State.

The black market is big; it is growing; it is developing virtually unchecked by regulation or restraint. Criminal participation has and apparently will continue to expand. Under-the-counter manufacture and distribution by legitimate

front companies shows little sign of abating in the face of minimal penalties. The amount of medication which is beyond the reach of existing regulation mounts.

But the cost in lives, to me, far outweighs dollar considerations. One death should be sufficient to cut through apathy—the deadly stockpiles which FDA has uncovered should be sufficient to spark major concern. Yet that concern does not exist, yet. And sometimes, I think, the very complexity of the problem and the overlapping jurisdictions of government agencies contributes, however accidentally, to maintaining a frightening, dangerous situation.

Health is big business. Public and private expenditures for medicines will continue to mount. And where large amounts of money are, organized crime follows. Because of the virtual immunity of black marketeering in medications with millions of potential, innocent customers, the Mafia is moving in. Preparations of underworld origin have been found in druggists' stocks of tranquilizers, sedatives, stimulants, hormones, blood-pressure-lowers, antibiotics, diuretics, asthma remedies, weight-reducers, arthritis drugs, and so on. The dosage forms range from liquid injectables, such as vitamin B₁₂, to tiny thyroid tablets. One of the most complicated-looking medications, the timed-release capsule, is a favorite item with these crooks.

Miltown, Equanil, Dexedrine, Dexamy, Preludin, Desoxyn, HydroDiuril, Serpasil, Premarin, Peritrate, Meticorten, Tedral, the Broad Spectrum antibiotics and a wide variety of other commonly prescribed medications have either been counterfeited or diverted from legal channels. The trade names of leading ethical drug producers such as Wyeth, E. R. Squibb, Ciba, Schering, Warner Chilcott, Merck Sharp & Dohme, Smith Kline & French, Wallace, etc., are printed on tablets and capsules, package inserts, bottle labels, and shipping cartons. Even the wax paper sanitary sealers and special metal caps on the bottles are exact reproductions.

The disturbing fact is, the counterfeits are usually so nearly perfect in appearance that physicians, pharmacists, and patients cannot tell the difference between them and authentic products, just by looking at them. As a result, they are intermixed all along the line. A drug company vice president said that he had trouble picking out the imitations of his firm's own products without resorting to laboratory analysis. He said: "Since I have to take some of these on doctor's orders, and sometimes buy them on the outside while traveling, I must admit that it makes me quite uneasy."

In previous Government investigations of underworld ownership and financing of legitimate businesses, racketeers were found to have direct and substantial interests in food products, garment manufacturing, home construction, restaurants, even the control of banks and brokerage firms.

In addition, I have compiled from many reliable sources—FDA, FBI, IRS, Customs, the Federal Bureau of Narcotics, State and local law enforcers, prosecutors, congressional investigators, experts on labor racketeering, private detectives working for legitimate drug companies, attorneys and other specialists in pharmaceutical law—I have compiled sufficient evidence to state that organized crime already has a good start in the infiltration of yet another major industry. But this time, the muscling-in constitutes a life or death matter for millions. Our apathy could be the death of us. The lurid "black hand" that skims money off the take in Las Vegas is also reaching right into our family medicine cabinets.

The reason primarily is greed. Some active ingredients for prescription drugs are several hundred times more costly than gold, ounce for ounce. A tractor-trailer load of finished drugs can be worth close to half a million dollars. The value of a newly discovered chemical compound, a process, or an antibiotic culture may prove to be many, many millions. Drugs in all stages of development, manufacture, and distribution have been stolen from laboratories, hijacked en route, smuggled across borders, fenced through criminal rings, smuggled back into this country, and sold to unsuspecting ethical companies, pharmacists, and hospitals.

I have heard defense attorneys plead that these are only an "economic" crime, a form of "patent infringement." In fact, even a drug counterfeiter's lawyer used this same plea only a few months ago, though FDA's medical experts testified that the drugs he made were dangerous to health and life. These crimes are crimes against people and they are perpetrated, in many cases, by hoodlums with long criminal records hiding behind legitimate fronts. (Exhibit P. 276, BMM.)

Black market medicine cuts across so many different business and professional levels that it undoubtedly includes a greater variety of legitimate fronts or

covers than any other illegal endeavor. But prosecutors cannot expose the criminal backgrounds of such people during pretrial hearings or in court because this might prejudice the judge and jury. Chronic criminality may be concealed indefinitely because of scattered or "lost" records, a multiplicity of aliases and new occupational covers in different jurisdictions. Consequently, unarmed FDA inspectors who were not empowered to make arrests, have dealt with lieutenants and soldiers in Mafia families, thinking they were only petty crooks or shady businessmen. The moment of truth came, in one case, when a gangland "contract" was made on the life of the inspector.

While I was working with FDA undercover inspectors, an underling of a notorious mobster threatened to kill me if I turned out to be a writer. He has a record for crimes of violence going back 30 years. When he came to trial on violations of the Food, Drug, and Cosmetics Act, the Federal judge suspended his sentencing and he is now at large.

I am afraid of this man and I have been for a long time—but I am even more afraid of the far-reaching consequences of hoodlums producing life-saving medications for mass distribution.

Sgt. Ralph Salerno, formerly of the New York Police Department, one of the country's top experts on organized crime, gave me the answer for people who ask: "What if the counterfeited drugs are just as good as the authentic ones?" He pointed out that when racketeers have taken over other legitimate businesses, such as meatpacking, in no time at all there was adulteration, contamination, and corner-cutting. "Even when they are 'legitimate,'" he said. "They just can't go straight."

In discussing the new Drug Abuse Control Amendments of 1965, a counterfeit drug salesman-former loan shark breezily observed, "What difference, old laws, new laws, all the same . . . we aren't legit, so the law don't apply to us."

Mr. George H. Gaffney, Deputy Commissioner of the Federal Bureau of Narcotics told me that the Mafia's first venture into so-called ethical drug manufacturing consisted of the counterfeiting of synthetic pain-relievers for sale to hospitals. One of the characters in my book, a big time heroin peddler, turned to prescription drug counterfeiting initially by making facsimilies of Treasury stamps used on narcotic medications for sick people. Then he branched out into heart medicines, reducing pills, tranquilizers, and so forth.

There are two drug industries in this country. And they are most difficult to separate. One is the registered and routinely inspected (though not often enough) drug industry that includes such giants as Merck, Lederle, Squibb, Upjohn, Parke Davis, etc., as well as smaller companies that market products under their generic names. The giants were once small and there is nothing wrong with being small or marketing unbranded products. These large, small, and medium drug producers are not exempt from human errors and from time to time their products are recalled and their advertising policies and prices are the subject of hearings and popular books. The adverse reactions that their products sometimes have on patients are also much in the news. But the vast majority of the people who operate these companies are by no stretch of the imagination card-carrying members of the international crime syndicate. Nor are they chronic "willful violators" of the Food, Drug, and Cosmetic Act, in FDA parlance. When they are advised of their failings, they usually try to remedy the situation and bring about a state of voluntary compliance, if not the utopian goal of "zero defects."

Are there any crooks among them? Most definitely, yes. And this brings us to the gray areas of "moonlighting." A company that employs 1,000 research workers or more can have in its most trusted inner sanctum a man who is selling trade secrets about the life-blood of the industry, new drugs in development; who is synthesizing active ingredients in his bathroom at night; who is in the grip of blackmailers or loan sharks and therefore will stoop to anything, even stealing monogrammed tablet punches and dies for underworld duplication.

And what of the small company, the partnership where two men make the command decisions? There are no stockholders, and the few employees out in the plant are not about to countermand any orders. There are small generic drug producers who "moonlight" imprinting the brand names of other manufacturers on their products and then sell them as "the real thing." Among these registered drug producers, one finds, upon FDA inspection: the tableting of oral medications on machines immediately after deadly pesticides were tableted with no cleaning whatsoever in between. The Federal judge felt that such persons should not be in the prescription drug business, but since the production manager had

no other means of livelihood, he was permitted, on probation, to supervise the production line in the "new" company set up by the owners.

Now we come to the second drug industry. This is the unregistered faction. (In order to begin pharmaceutical production, one must, according to the current law, send in for a registration number. This is a recordkeeping device. It means that some time during the next year an inspector will check up on your qualifications and your physical plant. Meanwhile, you are free to punch out all the pharmaceuticals you can manage to produce. You are home safe until they catch you, that is. Or, as one man put it, "You could have a cage of ring-tailed monkeys making the stuff!") But some drug producers prefer not to register at all. They operate in the manner of bootleg stills, completely beyond the law.

Where are the phantom labs? Who knows? (There is a rumor that there were four on the Upper West Side of Manhattan.) In tape-recorded conversations, we heard hardened criminals talking about taking over farmhouses in the northwestern States and turning them into counterfeit drug production plants and "knocking the drugs out all over the country." Their modus operandi was based upon their practical experience in setting up stills during prohibition. Then it was bootleg whisky in fake bottles; now it is bootleg pills, ditto.

The Mafia's heavy hand falls on key people, they know just how to staff an organization and keep it going. Their reasoning goes something like this: Here is a chemist who is having financial trouble, let him know how he can make a buck, then lean on him. Here is a little manufacturer going under, so we take over. Maybe he does go under, but we start a new corporation. And maybe it's more profitable to go bankrupt again. A pharmacist doesn't like our pills? We offer to throw him down the cellar stairs if he refuses to reorder. Truck stops: We already have them over the barrel on the pin-ball and vending machines, why not push pills? And pornography? And 30-unit motel-brothels? A package deal. And while we are at it, we might as well stake out a three-State territory. Joe's Truckstop won't buy your kennies? Break Joe's legs. These things do happen.

Shadowy figures remaining in the background are the big names in the Mafia families. Yet one underling assured two FDA chief inspectors that no action would be permitted without a slice going to the overlords in the area. In several cases, the names of the overlords were carelessly dropped in the course of relatively mundane drug buys. Informants assured FDA that the "big boys" were in on it. One said that the entire United States has been divided into 18 drug distribution territories and he showed us counterfeits of Lederle, Ciba, and Warner-Chilcott prescription drugs manufactured abroad. The bankrollers of this very businesslike takeover were said to be "numbered accounts" in Swiss banks.

That FDA investigation evidently collapsed because too many agencies were involved. It was a case of, "He's our informant, so lay off!" But I couldn't help thinking that the overseas planners with their 18 districts were one up on FDA, which now has only 17 districts.

Is it an exaggeration to talk of a criminal takeover of segments of the legitimate drug industry when--

A major manufacturer sold only a few bottles of a leading drug in one of our largest cities because black marketeers got there first?

At least one company has already been driven into bankruptcy because its most heavily advertised drug was counterfeited?

Countless pharmacies are forced out of business by unfair competition from unethical druggists who buy on the black market?

Mafia leaders from a number of States hold little Apalachin-type sit-downs to discuss getting into chemicals and pharmaceuticals to avoid the heat of narcotics trafficking?

Hoodlum enforcers use muscle to persuade reluctant collaborators--and there is more than a whiff of suspicion that labor racketeers have engineered splendid drug-selling deals in various parts of the country, by forcing union members to trade in pharmacies supplied and controlled by mob members?

An FDA district director told me just this week that he had several on-going investigations involving pharmaceutical manufacturing backed by Mafia and teamster money, making one of the most potent drugs on the market today--a drug requiring the most skilled handling and the most care in prescribing?

Prof. Chauncey Leake, eminent pharmacologist and author of the "Amphetamines," pointed out that in the latter part of the 19th century, with the develop-

ment of synthetic drugs, opportunists had a difficult time of it for awhile because they needed the cooperation of chemists. After World War I, and especially during the depression, bootleggers and rumrunners were able to secure help from some chemists as they branched out into the production of brand name medicinals. Listerine and Bayer aspirin were among the earlier targets of the breed of counterfeiters we have with us today.

The first counterfeit prescription drug in commerce was detected officially by the FDA in 1950; but only in the past few years has there been a marked increase in the number of drugs counterfeited, diverted into illegal channels, or stolen.

Clearly, we must go beyond merely strengthening our drug laws in order to deal with professional criminals who hold all laws—and our lives—in such contempt.

What we seem to need most to remedy this particular situation is a change in our attitudes toward the Federal agency that regulates the legitimate prescription drug business and that tries to stamp out the illicit traffic. This is, of course, the U.S. Food and Drug Administration. (Parenthetically I should probably emphasize that I am not now and never have been an FDA employee and I was, in fact, somewhat prejudiced against the FDA when I began my research in the autumn of 1964.)

As I traveled from one law enforcement agency to another in the course of my research, I found a reluctance on the part of other Federal agents to share important information with FDA. Some local and State police officers, handling dangerous drug cases, were unaware that FDA has jurisdiction over "goof balls" and "pep pills" and "LSD." I realize that interagency cooperation has always been a problem. In fact, it seems that many law enforcers are more jealous of their pet informants than they might be of their wives.

FDA inspectors must be college graduates and most of their time is spent regulating reasonably ethical people.

A few old hands at FDA felt that OTC-work (illicit drug sales) was, somehow, beneath their dignity. "If I had wanted to be a cop, I would have joined New York's finest," one old timer observed. He felt that he was in the business of regulating gentlemen and he was a gentleman.

Unhappily, not all the drug producers and handlers in his district were certified gentlemen; happily, he is retired and the attitude is changing.

As an outsider, I have found many things to criticize inside FDA. Not all of the officials or men in the field emerged as heroes. However, the fault lies not so much with the agency as with the public and the Congress. We get what we pay for, and I believe we taxpayers pay about 19 cents per capita each year for FDA's broad coverage of consumer protection. If we expect FDA to fight the mushrooming illicit drug business, we must radically revise our thinking. The criminal and noncriminal industries cannot be neatly compartmented. They, like their products, are sometimes intermingled and they require the attention of both the FDA inspector and the undercover BDAC agent. This means that to control the willful criminals, many ethical companies and individuals may have to bear the burden of stronger regulations, more frequent inspections, and, as I suggest in my book, licensing rather than mere registration.

I believe that decent people in the drug industry and in the health professions do want this cleaned up, although they were far from eager to see it publicized. In the final analysis, it will take the full cooperation of the regulators and the regulated to drive the criminals from the pharmaceutical industry. Contrary to the critics of FDA, who see an unholy alliance whenever this agency meets with representatives from the drug industry, I feel that there must be much greater communication—and it should somehow be removed from the day-to-day adversary situation.

Perhaps, in fighting criminality in the drug business, an outside agency should supervise and coordinate. For instance, I have been the recipient of much useful information by drug company security men and officials, who did not wish to go directly to FDA, lest this be misconstrued as currying favor with the regulators. Dozens of hijackings of truckloads of legitimately manufactured drugs have been reported to the FBI or State police, but not to the FDA. Big-time criminal organization is required to dispose of stolen material in those quantities and feed it into legitimate channels. But what happens if FDA has to recall some of that batch? They don't know it is gone. What happens if the drug needs to be stored at a particular temperature or under other special handling situations? FDA is not aware of its existence and cannot protect the consumer.

Such information should probably be given to the Organized Crime Division of the Department of Justice, which has coordinating authority over the many

agencies now involved in pharmaceuticals in one way or another: FBI, for instance, is called in when interstate shipments of drugs are hijacked. Customs is involved when drugs are smuggled. Federal narcotic agents frequently find LSD during their raids, but it comes under the Food, Drug, and Cosmetic Act, not the Harrison Act.

Lastly, consumers and Congressmen and the members of the press who are perennially preoccupied with the price of drugs should give at least equal time to the question of quality and safety. We cannot have a dependable, safe drug supply with two drug industries, one regulated and one virtually unregulated by reason of its being clandestine. Instead of demanding only that drugs be prescribed by their generic names, we should ask that drugs be prescribed from known, inspected drug plants with approved quality controls, be they brand-name producers or generic manufacturers.

Organized groups of criminals are moving in on the nonnarcotic drugs listed as subject to abuse under the Drug Abuse Control Amendments of 1965. For instance, trafficking in the stimulant methamphetamine, which is injected by addicts, can be extremely lucrative. BDAC agents recently seized a 50-pound bag of this drug which would have brought \$1,750,000 when peddled in 1-grain doses selling for \$5 each.

The drug was shipped to a person who gave an FDA registration number over the telephone. In contrast to peddling heroin, the illicit sale of this drug to addicts is only a misdemeanor.

Yet as much as 80 percent of the undercover work today in such FDA districts as New York, Los Angeles, and San Francisco is devoted to LSD cases. FDA is not principally interested in convicting LSD users. The Federal agents are trying to find the sources of this dangerous drug. However, they are severely handicapped by the fact that loopholes in the law are pointed out in newsletters written by advocates of the drug experience who may be students or "hippies" or other enthusiasts for expanding consciousness. The point is, anyone who is not approved by FDA to experiment as an authorized researcher but who is manufacturing and selling LSD is breaking a Federal law. Because of the great demand for this drug, there are indications that criminals formerly involved in narcotics traffic are becoming interested in supplying LSD. The 196 million potential consumers of prescription drugs in this country do not get adequate protection by FDA partly because LSD users require so much time from the few agents that it is difficult for them to spend much needed work on making cases against drug counterfeiters.

In other words, I believe that consumers should be as concerned about what is really in their package of chloramphenicol as they have been about the truth in the packaging of corn flakes.

This brings me to the controversial subject of electronic surveillance. From my personal observations, the FDA's use of miniature microphones, worn by undercover agents, and transmitting and recording devices have proved useful in four ways: (1) Protecting the lives of the agents; (2) uncovering legitimate fronts; (3) indicating where, and when, and how criminals will strike next; and (4) expediting cases through the courts.

I do not pretend to be an authority on criminology, and I am not an active member of the "law enforcement establishment." I am primarily a science writer, specializing in the field of drugs. But early in my career, I wrote a series of articles about wrongfully convicted persons. I was then, and still am, concerned about fundamental civil rights. My telephone has been tapped, I have been "tailed," and, believe me, it is a terrible feeling, as more and more people are finding out every day with the uncontrolled sale of electronic eavesdropping devices. Industrial spies, suspicious spouses, nosy neighbors, anyone and everyone can purchase our privacy for a few dollars.

However, only a fraction of the equipment used today for transmitting and recording conversations was purchased by Federal agencies, and only a small part of these Government purchases found their way to FDA undercover inspectors and agents, who used them primarily for self-protection.

During the course of my 3-year investigation of FDA's methods for handling criminal cases, my own attitude toward these "insidious devices" changed from one of revulsion at the thought of listening in on conversations, to acceptance of the fact that these are vital weapons in a certain type of warfare. In fact, they may be the only useful weapons in some cases. Specifically, I mean the uncovering of legitimate fronts.

Throughout my book there are excerpts from FDA tape recorded conversations in which renegade chemists, physicians, pharmacists, drug company officers, and distributors—all masquerading as legitimate business and professional men—willingly discuss their plans to circumvent Federal laws designed to protect our lives. These men eagerly—one might say, greedily—discussed their big deals with undercover agents. One can assume that they would also discuss them with many others whom they hoped to engage in the lucrative traffic in black-market medicine. I feel very strongly now that this use of a concealed microphone worn by the Federal agent—not planted—and recording equipment does not constitute an invasion of privacy. These willful wrongdoers gave up their privacy when they began to plot ways and means to circumvent very important health safeguards for the rest of society.

We should ask ourselves: Who is to protect the life of an infant with a fulminating infection, when the antibiotics administered are 50 percent potent? What about the victim of pernicious anemia whose B¹² contains none of the life-saving vitamin? And the patients suffering pain after surgery or the agony of terminal cancer—what about their basic rights to medical relief?

Within the last week one of the most notorious characters in my book reportedly ordered a "contract" made on the life of a BDAC agent. But, since the President's state of the Union message in January 1967, FDA undercover men have been stripped of all electronic surveillance equipment. Within a few days after that message, a BDAC agent in the course of apprehending a drug trafficker, tried to summon help by the only means then available to him—by waving out the window to other agents—and was seriously injured.

I understand that recording conversations is still prohibited. However, criminals very often lie to their attorneys and insist that they are innocent. In a recent case in which I have been an observer, involving the president and other officers of a shady drug firm, a few minutes of tape recordings were played for the defense attorney. He then questioned his clients, and they admitted that they had indeed engaged in the recorded conversations. Their plea was changed to guilty, thus saving taxpayers the expense of a long court procedure and saving Federal agents much time in testifying.

Although I completed my book some months ago, the criminal activities described are all too contemporary. Just last week another company on a circulated list of so-called approved suppliers went bankrupt and auctioned off equipment that had changed hands many, many times among the various gray marketeers known as Abe, Bert, et cetera, in my book. Where these punches, dies, and tabletting machines will next be operating is anybody's guess. The purchasers were required only to put down their initials at the time of the auction. But the defunct listed company can now hardly be expected to stand behind the product it distributed to pharmacies throughout the Nation.

Because of the weakness of Federal law, the relatively few Federal investigators (even today BDAC has fewer than 300), a lack of urgency on the part of the courts, and restrictions on electronic surveillance, cases are extremely difficult to make against drug counterfeiters. As I have seen and heard, hardened professional criminals discuss these very points, which in their sophistication makes the drug market all the more attractive to them.

Unregulated criminal activity in the medicine field has a special ugliness all its own. Gambling, vice, and to at least an extent, abuse drugs enrich the criminal world because the public—the customers—choose to seek out and purchase outlawed services or products. But the customers for black-marketed medications are all unknowing—and it may well be a fatal ignorance. Only a handful of pillistics experts of the FDA can detect expertly counterfeited medication. An unknowing doctor, prescribing for a seriously ill child, may well have his prescription filled by a conscientious pharmacist—and have his patient die. The reason? The lifegiving medicine is a counterfeit, without the necessary active ingredient or, perhaps, with a fatal overdose.

Many heart patients depend upon regular dosages of prescribed anticoagulant to maintain their health. Even a dose or two, lacking the active ingredient, can spell death. The criminals, in the black market, counterfeit blood thinners, too. Many hospital patients depend on the regular intake of diuretics to maintain their critical body fluid balance. The adulterated, subpotent counterfeit dosage, sold an unknowing hospital purchasing agent, cannot have the desired effect. Result: another fatality which might have been prevented.

No one can measure the cost of this black market in human lives. But the counterfeiters are making vital medications. I have seen them in huge quantities.

Those medications get into legitimate channels. And the effect of drug failure, medical examiners tell me will not be apparent in a post mortem examination.

Weak laws, anemic enforcement agencies, lenient courts and overlapping jurisdictions have contributed to an open invitation to organized crime, to the venal scientist, to the greedy and unscrupulous fringe operator, and to the Mafia. They have responded with the creation of a black market in medicine.

I have been disturbed to see black marketeers put on probation—because a judge and sometimes a prosecutor see only an “economic” crime.

I have been disturbed to see drug companies report hijackings of drug loads to the FBI—but not the FDA—because of an adversary relationship between regulated and regulator. And I’ve been equally disturbed to find that the FDA after discovering a company’s product is being counterfeited, does not inform the manufacturer, for the same reason.

I have been disturbed to see hours of transcripts obtained by electronic surveillance made useless in prosecution because it is inadmissible evidence—even though evidence of plans to distribute millions in shoddy medication.

I am disturbed to know that one arm of the Federal Government does not inform another when an investigation is underway of their potential suppliers.

I am disturbed that dealing death to innocent men, women, and children is a misdemeanor, stealing a car is a felony.

I am disturbed that a small, new agency, the Bureau of Drug Abuse Control, cannot use the latest detection devices, while organized crime can tap the scientific community for talent and know-how. Hijackers, for example, regularly use walkie-talkies and other electronic devices to communicate with each other, and with their in-plant collaborators to avoid detection.

My experience has convinced me that a whole new industry-Government relationship must be created. It must focus on guaranteeing that each American gets precisely the medication—in quality and quantity—that is intended. It must eliminate the broad loopholes that can victimize the conscientious physician, the honest manufacturer, and the ethical pharmacist if the ultimate consumer is to be safe.

This committee and the Congress know far better than I the broader problems of law enforcement, the problems of dealing with organized crime, and the difficulties of interagency cooperation. But in the field of black marketing in medicine, I do feel strongly about the potential benefits of certain specific recommendations.

The FDA should institute an immediate, continuing survey of the prevalence of counterfeited, black-market, outdated, and contaminated drugs in distribution. I would hope the problem would be statistically small; I know it to be realistically serious.

Pharmaceutical plants should be licensed, rather than just issued an FDA registration number without any prior investigation of the professional qualifications and background of the drug producers, inspection of the facilities and equipment, et cetera. The actual owners should be identified, whether they are sole owners, partners, or corporate investors. Any person or firm that alters any drug, in any way, should be closely regulated—for synthesizing, tableting, encapsulating, repackaging, and relabeling all provide opportunities for changing drugs.

Manufacturing or distribution of any medication, without license should be a Federal felony. Similar penalties should be applicable to the counterfeiting of labels and packaging.

The FDA should be required to advise the industry, the medical profession—and especially all Federal procurement agencies—of any change in the status of any licensee.

The Bureau of Drug Abuse Control, created less than 2 years ago, should be strengthened in manpower financial resources, and above all, in professional training.

Reports persist among Government investigators regarding FBI files on criminal infiltration of the drug industry—purportedly developed for, but unused in, hearings by the late Senator Estes Kefauver. They should be made available for congressional study.

Enforcement agents in the drug field—charged as they are with the protection of our very lives—should be permitted to use electronic surveillance under appropriate court supervision.

A central office should be maintained, under the supervision of the Assistant Attorney General for the Organized Crime Division, to coordinate information on all criminal activities in the field of medication—hijacking, counterfeiting, et cetera.

Urgency and priority should be given drug abuse cases by Federal prosecutors; BDAC agents should have powers of subpoena granted other investigators, along with authority to seize vehicles carrying illegally produced medications.

The entire regulator-regulated relationship between drug manufacturers and the FDA should be reexamined. In several other industries—where the public safety is paramount—realistic cooperation and mutual confidence are reflected in enforcement procedures. The airline-Federal Aviation Agency relationship in aircraft maintenance and safety is one example.

The FDA-drug industry relationship can be immeasurably improved if both take advantage, immediately, of the protections on confidentiality of commercial data exchanged by business and Government under section (e) of the public records law which takes effect July 4 of this year.

Fresh consideration should be given measures such as that introduced by Senator Harrison Williams, of New Jersey which would amend the securities laws to require disclosure of the identity of any person or group acquiring as much as 5 percent of the voting stock of any registered company.

Laws should be enacted to permit sampling of the tax returns of the 100 leading racketeers who have been convicted for major crimes, to permit a determination of income sources, investments in legitimate industry, and infiltration techniques.

These recommendations can be refined, supplemented, and documented by many who have shared my experience in looking into the frightening picture of a criminal drug industry. My cases, described in "Black Market Medicine," and many more, are documented in the files of FDA and other agencies.

But you gentlemen have a unique role no one else can fill. You can alert the country and your colleagues. Your hearings can prompt legislation by other committees and the Congress as a whole which will stop terrible abuses and frustrate other crimes. You can encourage a badly needed spirit of cooperative urgency on the part of Government agencies.

I hope that I can assist in some small way as the result of my experience.

Mr. FASCELL. Thank you, Mrs. Kreig. You have focused on a very shocking and dangerous situation. This certainly would destroy the confidence of every person in this country buying any medicine at a drugstore or having to resort to physicians' prescriptions.

With the obvious potential it has for death and injury, I really cannot think of a more important subject, as far as the national welfare is concerned, for a determined effort to eliminate the danger.

Our interest, as we have said before, is particularly with respect to the efforts on organized crime in this area.

I know we have a lot of questions we want to ask. Since we have an 11 o'clock House session with a quorum call shortly, I will give each member an opportunity to ask at least one question. After that we will start questioning by each member under the 5-minute rule.

Mrs. Kreig, I will take the liberty of asking the first one, and I might as well ask it before somebody else does. How is it you were able to get permission to work with undercover agents; to work with the FDA?

Mrs. KREIG. Well, I have been—my book, "Green Medicine," was published in June of 1964, and during the summer of 1964 I traveled around the country, as most authors do, appeared on television and called on various people.

I dropped by Commissioner Larrick's office late in the summer to present him with a copy of the book.

I had never met Mr. Larrick before, and I cannot recall ever going to the FDA before, although I think in the course of writing the LSD chapter I did write a letter to FDA asking about LSD.

But other than that one letter I had no previous contact with FDA, and I did not know anyone in FDA.

I had received a note from an FDA doctor commenting favorably on the book that was sort of a fan letter. It was not official. It was handwritten on this person's own stationery.

I gave Mr. Larrick a copy of this book and, at that time, I was very concerned that something like 39 bills in 14 years aimed at controlling drug abuse had failed in Congress.

I was very angry, personally, because I had started following this legislation with Hale Boggs' bill introduced in the early 1950's.

I had read all the testimony, and I had seen the legitimate drug industry, trade associations, professional groups, the AMA, the PMA, the APHA, the trucking associations, all of these people coming forward and testifying against this, and it looked as if this bill that was currently being discussed was never going to pass, either.

I brought the subject up when I talked to Mr. Larrick, and said that I would like to write a book called "Our Pill Happy Planet," about the abuse and misuse of prescription drugs. I had been researching this book for about 10 years.

I wanted information from FDA, and I can only guess at what Mr. Larrick was thinking. It may be that he, too, hoped that if I wrote this book "Our Pill Happy Planet," it would help to spell it [the need for the bill] out. He maybe thought I could write an instant book and get it published by the end of the year.

We talked a little bit about the counterfeit drug problem during our first interview.

I asked him at that time if I could become the first woman inspector. I was willing to give up my free lance status as a science writer and take the civil service exam and be an FDA inspector in order to get this story.

He was not permitted to hire one single new inspector. That was part of the problem he had at that time.

A few weeks later I called on him again and I asked him if I could please work—since I could not be an inspector—if I could please work alongside FDA inspectors, and he thought this over very carefully.

He contacted the district director of the New York district, and told him that he felt that I should be—or ordered him, I presume it was an order, to permit me to work with the undercover inspectors in that district, and apparently he advised other FDA inspectors and chief inspectors and directors that I was to be permitted to get my story.

I called the New York District director. I made an appointment to see him. A case was breaking that very day, a big drug counterfeiting case, and the chase began. (What I describe as "The Chase, The Bust and The Stash" in part 1 of my book on black marketeers.)

It happened instantly—I walked in to the FDA District Office and I did not get home until 3 o'clock that morning because I was riding around in the "tailing" cars with the inspectors.

From that time on it was a very difficult thing to find time to write because I was so busy: out with people making cases, and traveling, and working undercover.

Also, it was difficult to keep the book up to date because they were all open cases, which I had to be very careful to conceal.

The drug law was passed, the Drug Abuse Control Amendments of 1965, were passed midway in my research, and the new Commissioner came in. It was not easy to complete this book.

That is how I got into FDA, a straightaway request.

Mr. FASCELL. Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

I wonder if you could give me a better idea of how the black market drugs flow into the normal and legitimate distributor channels. How does this take place?

Mrs. KREIG. It is easier to chart than it is to describe, and it is also much quicker.

In the appendix to my book, "Black Market Medicine," I have drawn up a diversion and drug counterfeiting distribution chart following page 287. On the lefthand side are the legal distribution channels, from the raw material suppliers to the dosage form manufacturers to the wholesalers, retailers and the users.

On the righthand side you will see the diversion channels every single step along the way from the primary synthesizer to the ultimate seller, retailer.

Diversion could occur wherever there is a person who is willing to trade his ethics, his know-how or his sense of responsibility for money.

As a specific example, drug counterfeiting is so sophisticated that I have some pictures here, official FDA pictures, that show the counterfeiting of the cardboard carton the drugs are shipped in from the manufacturing plants.

Now, let us take a case of a pharmacist who is caught dispensing counterfeit drugs in a sampling program, either by the legitimate drug industry, by the State Board of Pharmacy Inspector or by an undercover FDA man.

He might have purchased, through his regular supplier or from someone whom he had reason to believe was legitimate, expertly counterfeited and packaged drugs at the same price that he would have paid anywhere else.

So, therefore, he would not be able to tell that he was getting bad drugs because the price was the same.

On the other hand, I have had access to many, many cases of registered pharmacists who would buy prescription drugs from the trunks of automobiles of total strangers. The strangers were peddling these with the cover stories—I will give you two or three: "These drugs I can let you have cheap because they are part of the drugs that were shipped to Florida for the Bay of Pigs prisoners exchange and they didn't use all those drugs, and so here they are, and you can have them cheap." Or, "You heard about that big fire in that warehouse? Well, these drugs weren't touched, so you can have them. They are distressed but they are not hurt."

Well, drugs are organic compounds, I mean, let us just say it was from a fire. This is a shady practice, although it is not illegal. You do not have to have a charred label to have a drug that is dangerously harmed by fire.

I know a pharmacist, a very prosperous one, who fills in only one pharmacy 400 prescriptions a day. He is a fence. He is tied in with the mob.

He [reportedly] has made a contract through the mob on the life of an FDA BDAC Agent, and just in the last day or so, another

BDAC Agent heard that his children, his family, were threatened, and in an effort to get his family moved he suffered a heart attack.

Now, this pharmacist has been involved in every type of racketeering under the sun. He buys swag, which is hijacked, stolen drugs. He buys counterfeits. He engineers counterfeiting deals. He introduces chemists to people who have the money to invest.

I can only ask, as I have asked for 3 years, why is this man still operating a pharmacy in this country when every Federal agent practically, and local and State people know of his record? He has a felony record, and they know of his existence, and his name appears in the newspapers all the time.

I am sorry to get off on this, but it is one of the answers to the question: How do these drugs get into legitimate distribution channels?

The counterfeit drug racket could not exist if there were no unethical professionally trained people, either biochemists, chemists, pharmacists, even dispensing physicians, who are willing to collaborate with them.

Mr. FASCELL. Mr. Wright.

Mr. WRIGHT. Mrs. Kreig, let me congratulate you on a highly readable, exciting, shocking, and in many ways, very frightening book.

Mrs. KREIG. Thank you.

Mr. WRIGHT. I would like to commend you particularly for bringing this menace to public attention.

A whole host of questions suggest themselves. Let me just ask you just this one. You know Congress has considered bills designed to require the prescribing by physicians of drugs by their generic names.

What effect, if any, would legislation of that kind have upon black market practices?

Mrs. KREIG. There is no question in my mind that some prescription drugs are overpriced. I have spent a lot of time investigating firsthand the research and the quality controls that go into the manufacturing of pharmaceuticals.

I went to the Amazon on drug plant explorations; I followed drugs through the laboratories—I think I have walked through almost every major drug plant in America, and many abroad.

Therefore, the reasoning that we hear from these people, the Pharmaceutical Manufacturers Association, and so forth—that drugs have to be high priced because of the extensive amount of money spent in discovering them, in developing them, and in producing them under good quality controls—is valid to a certain extent.

They do, also, advertise their products heavily, and this is where I understand most of the money is spent.

Now, the idea, as I understand it, behind wanting drugs prescribed generically is to save the patient money at the retail level.

Your question is, if, for instance, all the drugs were generic—nobody made a brand name product—would there still be racketeers in the pharmaceutical business? My answer—and this comes from people in FDA because I asked the question, too, of course—is, yes, there would be racketeers, and this is why: The reason the racketeers are in business is twofold: One is to produce or divert or hijack brand name products for sales through pharmacies and hospitals in the legitimate channels. That might be curbed through generic production.

But they—the criminally inclined—also moonlight and illicitly manufacture in clandestine labs millions upon millions of drugs that are subject to misuse, such as stimulants, sedatives, and tranquilizers.

Generic prescribing would not curb this particular aspect of production one bit and, indeed, drug counterfeiting began in the Midwest with the counterfeiting of these drugs that were manufactured solely for abuse, and for quack weight control clinics which are manned by unethical doctors. So, you see, there is a tie-in there. Racketeers supply both generics and leading name brands, depending upon the demand.

Mr. FASCELL. Mr. Cowger.

Mr. COWGER. Thank you very much.

Mrs. KREIG, in your testimony you referred to page 3 and you read from there, you referred to published lists of drug manufacturers which purportedly are guides to low-cost sources of medication. Are these lists reliable, and are these lists available to the public?

Mrs. KREIG. Yes, they are widely available to the public because they have been published in a paperback book.

Now, the author of this book is a physician. He is on the staff of Harvard University, and he is—I have met him, I have interviewed him. I am quite certain that this man is a competent clinical pharmacologist and physician in his own practice.

I asked him two questions, and they were friendly questions: One, "Did you ever set foot in any drug plant that you recommend by name, address, telephone number, and so forth?" He had not. He said he was a medical doctor. He knew what he was talking about. He didn't have to go into the plant, I mean, or words to that effect.

I asked him then if he went to the FDA with his lists, before publication by a reputable publisher, and asked them whether or not any of the people or the companies on these lists—and there are two or three lists in the back of his book—were currently under investigation, or had ever been charged with serious violations of the F.D. & C. Act for poor manufacturing practices of, you know, a life-threatening nature, or for criminal, outright black market medicine deals, and he said he had been advised not to go near FDA.

Now, FDA would have checked those lists for him. They would have told him that he was making a grave mistake in publicizing them. They are widely sold and distributed and referred to and recommended. The problem is that only the FDA is empowered to inspect manufacturing plants, to do nationwide sampling, and knows the details of current criminal cases and, therefore, such a list is dangerous and meaningless if it isn't checked by the FDA. I feel that the FDA should prepare a list, I don't know whether this is practical or not, but they should advise physicians. I don't feel that medical—for one thing, I have interviewed hundreds of doctors in the course of my research, and very, very few practicing physicians have the foggiest notion of black market medicine and they are appalled to learn of counterfeiting. Therefore, a non-FDA physician is not a competent person to recommend drug plants.

Mr. COWGER. In your written report you said one list was available to the Defense Department, and then you said two. Who makes up those two lists?

Mrs. KREIG. Those are made up, I believe, by people who go out and inspect for the military procurement officers.

Mr. COWGER. I see.

Mrs. KREIG. As I understand it, these lists were first alluded to as firms who were actually fulfilling contracts for the military, or that was the general impression received by the public at large; that all these listed people were good drug suppliers because they were, you know, making drugs for the military.

The fact of the matter is, some are only prospective bidders. I have some pictures in my book of the horrendous physical plant of a prospective bidder who was—who didn't actually submit a bid, but who was—not only producing drugs under filthy conditions, but also was a drug counterfeiter.

Anyone can be a prospective anything. Therefore a list is meaningless if it includes "prospectives."

Secondly, a number of the people on the lists are distributors who can't stand behind a product. They didn't manufacture it. They don't even have to have a registration number. They can just slap a label on it and they get listed. The list was published only a month ago and some of them are already out of business.

There is no real regulation of distributors per se, they don't have to keep records. They are supposed to keep records, but it is all sort of loose. If they want to change a lot number or batch number, just so long as, you know, they scribble it down in a little book some place or on a scrap of paper, that is okay.

This is our mechanism in this country for tracing dangerous drugs and recalling them. So if you are listing distributors, these are hardly the people that have—

Mr. FASCELL. Mr. St Germain?

Mr. ST GERMAIN. I will agree with my colleagues as to the value of your testimony, and of your research and your book and go right into the questioning.

Following up on the question just asked by my colleague, Mr. Cowger, it sort of makes one think that we can't even believe in Santa Claus anymore, and actually this is so, because people when told that a Government agency approves a particular firm or a particular product, feel that they can rely on the U.S. Government. We look at television commercials today and we find second mortgage financial organizations that are actually interest gougers, advertising FHA-approved.

But going on a little further and keeping these entire hearings in perspective, we are in essence looking into organized crime, and there is one aspect contained in your testimony, in your book, in your introductory statement and in your book, that very disturbingly keeps arising in the testimony of all the witnesses we have had to date in these hearings, and that is the fact that there is an utter lack of cooperation and coordination amongst the Federal agencies. I think you used the term both in the book and in your introductory statement: about the only way you get any cooperation is if somebody, and this, I feel, is most disturbing, and it—I am now getting to my question: It would appear to me from the testimony we have had to date, and I wonder whether you would agree, that Cosa Nostra is a whole lot better organized in this country than are our law enforcement agencies,

and this despite the inception and the creation of the Organized Crime Division in the Department of Justice, because once again at the conclusion of your testimony you refer to information that has been prepared for the Kefauver hearings——

Mrs. KREIG. Yes.

Mr. ST GERMAIN. That is unavailable and that is hidden away in Archives, and it seems to me from the testimony to date that one of the prime perpetrators of this lack of cooperation would appear to be the FBI, because in each and every instance those three letters, FBI, are the ones that we usually get to, the lack of cooperation by the FBI.

Now, is this your impression also in your investigation, if you care to answer?

Mrs. KREIG. Yes, I care to answer. I know that during the Greenlease kidnaping case, which I went into in the greatest detail and could well write a book on, seeking the source of the drugs, and a lot of the casemaking, was done by a pharmacist who was an FDA inspector. Indeed, he was the one who pointed out that some scribbled figures on the bottle of pep pills that Carl Austin Hall used to get up his nerve to kill little Bobby Greenlease, before he received \$600,000 ransom, was not, as the FBI insisted it was, a lot number or some sort of manufacturing code. It was a telephone number in a pharmacy where the calls were made for the ransom money.

Now, at that time the FBI insisted that FDA get out of the case, and they finally got them out of the case.

If FDA had been able to pursue all of the leads from their interviews in the death house with Bonnie Brown Heady and Carl Austin Hall, we wouldn't have the drug-abuse problem we have throughout the Midwest today. Because some of the same doctors, the same pharmacists, and the same shady manufacturers who are turning out pep pills and goofballs by the millions for distribution to truck stops, brothels, and prisons and hoodlums throughout the heartland of our country would have been put out of business right at the beginning.

Now this is pretty rough on the FBI. They were fearful, and there is something to be said for both sides—I talked to FBI agents who worked on the case; they didn't look upon FDA's men as law enforcers. They couldn't carry guns, they couldn't make arrests. They didn't have the stature of an FBI agent or a Federal narcotics agent and, therefore, FBI was fearful FDA "was going to mess up the case." The FBI wanted these people [kidnapers-murderers] executed, and they didn't want any fringe things coming into the picture like the peddling of bennies.¹

But I would like to say, and I feel very strongly about this, I have heard that it is impossible to get the records of investigators on the hoodlum infiltration in the prescription drug industry that were prepared and given to Senator Kefauver during his drug and crime hearings, and that allegedly have been locked away in the archives of the FBI.

I have heard on every side that it is impossible to exhume this evidence, and I urge you, I plead with you, I ask you, is there anything that can be done, if these records exist, to bring them out so that Congress can look at them?

¹ Comments by the Director of the FBI on this portion of the testimony are contained in a letter to the subcommittee chairman dated July 5, 1967 and printed in the appendix.

I am not asking, you know, why are they suppressed and why does everyone say he can't get them? I am just hoping that if they do indeed exist, as the people who compiled them assure me they do, they can be brought out and looked at.

Mr. ST GERMAIN. Mr. Chairman, to pursue the statement I made, I would just like to follow out one thing.

Mr. FASCELL. Since you started it, you might as well finish it.

Mr. ST GERMAIN. I don't know whether I will finish it. Mrs. Kreig, you used the word "exhume" and I hope you don't mean that this is really buried and the carcass may have deteriorated?

Mrs. KREIG. Bodies are buried in New Jersey and sometimes nothing remains.

Mr. ST GERMAIN. I asked the question in the manner in which I did, Mr. Chairman, because I really am convinced as a result of these previous hearings and today's hearing that the time is fast approaching that we should hear from the FBI as to whether or not they feel they are cooperating with our other law enforcement agencies because once again I state it seems unfortunate, as you have stated, that Cosa Nostra has divided the drug industry into 18 territories and the FDA is divided into 17 and it is all well and good to have all this publicity about this organized crime division; however, if they are not going to get the cooperation that they should be getting from all the agencies involved we are going to keep losing this fight.

Mrs. KREIG. May I just say also that I understand from reading the testimony before you in earlier weeks that the Organized Crime Division does go out into the various Federal districts, and they do sit down with the district directors of the Federal Bureau of Narcotics, IRS, and so forth. The district director of the Food and Drug Administration—even in an area like New York or Chicago, which is heavily infiltrated with criminals and also a heavy concentration of the drug industry—these FDA people are not invited to these conferences. Yet I know as an actual fact that FDA district directors, and I am not talking about the BDAC agents now, are very much involved with fighting figures in organized crime, who are infiltrating pharmaceuticals. Their jurisdiction—these are not drugs of abuse, they belong to BDAC—includes drugs used by sick people for a variety of ailments. So I think that FDA should now be considered, you know, a law enforcement agency by other law enforcers.

Mr. FASCELL. Well, you made the statement that the people who compiled these statements to which you referred have assured you that these records do actually exist.

Mrs. KREIG. Yes.

Mr. FASCELL. I assume the information would be of value to the FDA?

Mrs. KREIG. Tremendously.

Mr. FASCELL. As a member of Congress, I am curious and interested, and I would like to get it from the FBI if it exists, but I am not sure that that is necessary, exactly. I would much rather, if it has pertinent information, that it be turned over to the proper agency to do something about it.

Mrs. KREIG. It is quite old. I don't think the reasoning could really be, could it, that these are very hot ongoing investigations, if they are stored in the archives and the material was collected for inquiries in the early 1950's, and in 1959, 1960, 1961?

Mr. FASCELL. But it might be useful in tracing a historical pattern, is that it?

Mrs. KREIG. The same shady people kept cropping up every year, every 10 years or even 25 years as I was tracing their histories in my book. They go on forever.

Mr. FASCELL. You covered the Kefauver hearings, as I recall?

Mrs. KREIG. Yes, the crime hearings; and I followed the drug hearings very closely.

Mr. FASCELL. And what you are saying is that some of the people who worked on that as investigators have assured you that investigations were made and that the records do exist and they have never been made public?

Mrs. KREIG. Yes; that is true and unfortunately in those hearings some very shady characters got up before Congress and spoke their piece, and were not identified as such. They were identified as very legitimate people and everyone listened to them with great respect.

Mr. FASCELL. Mrs. Kreig, do you know whether or not FDA has ever asked the FBI for these files or records or information?

Mrs. KREIG. My guess would be they don't ask FBI for much anymore because they have been—you know, they have had some sour experiences with them.

Mr. FASCELL. You mean it is a one-way street?

Mrs. KREIG. It is a one-way street. It depends, Mr. Fascell, on how well I believe in BDAC. They have a better situation because there are former special FBI agents and former Narcotics Bureau men in drug abuse control, so BDAC may have better cooperation. But I regret to say in creating BDAC, which was very necessary in order to get police powers for some FDA people, another agency was created, and unfortunately in some jurisdictions there isn't such a wonderful brotherly relationship even between BDAC and FDA. So it gets more and more complicated as we go on.

Mr. ST GERMAIN. Thank you, Mr. Chairman. That brings up one of the important problems. But as a result of the information you brought to light and the situation and conditions, I think that it is incumbent upon us at this point to try to arrive at some ideas, some determination, some conclusions that might be helpful in stemming this and, if not eradicating it, slow it down.

One idea that occurred to me was in view of the fact that the FDA, just as the organized crime division and everybody else that appears before us, is faced with the same problem, lack of personnel, lack of appropriate funding, that perhaps we might look to some other means of policing.

Now, in going through the text, I believe you mentioned there were 1,600 manufacturing firms, drug manufacturing firms?

Mrs. KREIG. Excuse me: That are known.

Mr. ST GERMAIN. That are known, registered, not licensed, but registered, and of these 1,600 approximately 300 are what you might call major manufacturing firms?

Mrs. KREIG. I think I have those figures in my book.

Mr. ST GERMAIN. Right, I am quoting those figures.

Mrs. KREIG. I don't know.

Mr. ST GERMAIN. Now, you take these 300 major firms, and if we concede that they are legitimate, that they are interested in the image

of the industry, and in providing the drugs, proper medication, proper potency, proper condition, to their distributors and thence to the pharmacists and eventually to the actual consumer, certainly if they are willing to spend as much money as they do on advertising, they should certainly be willing to spend a little money to insure that the type of operations you describe in your book might well be eliminated. And the thought occurred to me that what they might do is to organize their own enforcement division or investigative division, wherein they would set up their own criteria and their own ethical standards, and the enforcement group would not be the tool of any one of the manufacturers or any small group of them, but it actually would be an independent organization headed up by someone who is competent and ethical.

This organization would be financed by contributions from these major drug manufacturers, and I certainly feel they could probably even get an income tax deduction on this for the contribution they would be making to the ethical drug industry in these United States of America.

I wonder if you have any thoughts on that suggestion or what you think of that type of suggestion.

Mrs. KREIG. I think that is a very interesting proposal.

As you may know, the Bureau of Drug Abuse Control, although they are trained in criminal investigations, spend about 40 percent of their time doing accountability surveys in the plants of people who are in the registered category. It takes one of these few agents, there are only about 300 of them now in the whole United States, about 3 weeks to do an accountability survey in say, Merck. Meanwhile he is not in the other parts of New Jersey chasing the racketeers, he is at Merck doing an accountability survey.

Mr. Larrick suggested to me—I have seen him again twice, once to give him the page proofs of the book, and then to go back and find out what he thought about it—he suggested to me that because of this workload on BDAC there might be spot checking the industry might do, you know, its own accountability surveying of these dangerous drugs, and then FDA could check on them the way they check on batch samples on the antibiotics.

Now, coming from Mr. Larrick, this is important, especially noteworthy, because he had asked two leading ethical pharmaceutical manufacturers, when he was trying so hard to get the drug abuse control bill passed, to give him their production figures on amphetamines and barbiturates. While others agreed, these two major drug companies refused to give him the figures, even though he said he would bury the amounts in the total. Because it was not required by law, their lawyers told them not to do anything, not to volunteer anything that is not required by statute.

So you have an attitude on the part—again we can't speak of "the drug industry." I don't know how cohesive this group would be. Some of them are very competitive with each other. I know from my own research, they disagree strongly on whether drug counterfeiting should be publicized or not. Some of them wanted to take care of it in their own way, in their own good time, as FDA was trying to take care of it in its own way, in its own good time.

How could we be sure—well; we could try it, but how could we be sure that they would get together in the first place to do it?

Mr. ST GERMAIN. You know, Mrs. Kreig, there are other alternative methods that have also occurred to me, and one is that in view of the fact that according to the figures and information you give us also that in many instances a drug manufacturing firm will fill out the necessary registration forms and it might not be for 2 years that an FDA inspector gets around to inspecting the plant, that we might do, as has been done in other areas, that Congress might require bonding of these firms so that if it is found that some of their drugs have been harmful to people, and this can be proven, then should a civil suit arise we are not faced with a corporation that has no assets, and the cost, naturally then the bonding companies would be charged with the responsibility of investigating these firms before they wrote the bond on it, and these manufacturers would then find there would be a cost in bonding.

Mrs. KREIG. Yes.

Mr. ST GERMAIN. Another thought that occurred to me is that it appears quite certain that perhaps not this year, maybe this year, maybe next year, but very soon now as far as medicare is concerned, for instance, that there is a great deal of thought being given to including the cost of medications for our senior citizens who qualify under medicare. That being the case, then I think we could add to this amendment or this addition to medicare benefits very strict controls whereby there would be more teeth in the enforcement.

This automatically would, I believe, legally take care of the interstate aspect, interstate traffic in these drugs, and it could be that what we might look to save money, and to avoid counterfeiting, and these impotent drugs that do not live up to standards, perhaps the Federal Government might think of going into drug manufacturing, and that, I think, would be very fine motivation for these people to start policing their own industry and seeing to it that the drugs that are purchased in a pharmacy are what the people are paying for.

Mrs. KREIG. They will all be reaching for their tranquilizers when they hear that. [Laughter.]

Mr. ST GERMAIN. Well, I think that medication and drugs are a very, very important item in this society of ours today, and if it is found that the facts and the information you give us in this book, that John Doe goes to a pharmacy and buys a prescription, he has known the pharmacist all his life, and the pharmacist cannot assure him that what he is paying for is what he is supposed to be getting and that it will do the job that it will help to cure him or help to arrest the disease that he is suffering from, well then perhaps we had better look into this type of an operation.

Mrs. KREIG. I agree with you if the drug industry and the health professions, pharmacy and medicine and their trade associations, do not clean up this mess, the Government will have to. And we, as taxpayers, will have to see to it that it is paid for, and that the laws are passed. That is the whole purpose of my writing the book.

Now, there are two points that you raised that I would like to mention briefly. One is that medical examiners have told me that during the postmortem examination it is impossible to prove drug failure. It is even difficult and unusual for postmortem examination to include

an analysis of the drugs taken, or a search for any possibility of a drug death, unless it is something very flagrant like suicide, or a reaction to penicillin that follows very closely on the heels of a dose of medication.

Therefore, regarding your bonding, the payoff in the case of a drug death would be a rather difficult thing to prove in some cases.

Mr. ST GERMAIN. I am afraid I have to disagree with you, Mrs. Kreig, because I did a lot of negligence work when I was practicing law for a short period of time prior to coming to the Congress and I can state these things have been proven and they have been proven and the verdicts are mighty big.

Mrs. KREIG. Would this not mean "proof positive" every time a dose of medication is given in a hospital? Five billion doses were given in hospitals last year, and these medications came out of dispensing stocks, huge bottles that everything under the sun is dumped into, in some cases. Intermingled black-market medicines and good medicines and medium medicines—in one man's little paper cup he can have an intermingling of all types of these things. If he had to take three pills in one day, how could you prove that John Doe's product killed the man?

Mr. ST GERMAIN. Well, Mrs. Kreig—

Mrs. KREIG. How would you trace that medication?

Mr. ST GERMAIN. I don't propose to argue that point with you this morning.

Mr. FASCELL. Let's please not.

Mr. ST GERMAIN. I would just state to you, your experience, of course I realize in the book there were occasions when you don't speak too highly of attorneys; I happen to be an attorney.

Mrs. KREIG. Oh.

Mr. ST GERMAIN. But as an attorney, I would state that I feel that this could be a very effective means, because the bonding companies would see to it that they were well paid, the premiums were set at a good rate.

Mrs. KREIG. It is a good suggestion.

Mr. ST GERMAIN. As a result, these could be very strong motivating factors for the drug industry to start—

Mrs. KREIG. Yes.

Mr. ST GERMAIN (continuing). Searching its own conscience and decide that they had better gosh darn soon come up with their own policing.

Mr. FASCELL. I believe I have to agree with my colleague. We must not underestimate the inequity of lawyers to get a verdict for their clients.

Mr. ST GERMAIN. It works both ways.

Mrs. KREIG. I must say some companies—now I do not hold stock nor am I employed by these companies—but only because I have seen it—they have taken some trouble to try to get around counterfeiting of their products. However, I also know from working undercover and tape recording what the crooks say about these devices that almost as fast as a company, in years past, has designed a capsule shape, a monogram or some special tracer or gimmick, the criminals—and they are clever people and their collaborationists are well trained—get around it.

But here are some examples of ways that drug manufacturers have tried to foil the counterfeiting of their products.

Mr. FASCELL. While you are on that point, Mrs. Kreig, I might as well ask you this. You talk about the cohesiveness of the drug industry, but at least one book reviewer hasn't been too excited about your book and has alleged that you are an apologist for the large drug companies in America.

Mrs. KREIG. I think if he were dying of typhoid he would like to have an authentic chloramphenicol.

Mr. ST GERMAIN. I think the testimony this morning would dispell that, Mr. Chairman.

Mr. FASCELL. I just want to give her an opportunity to kind of even up the record.

Mrs. KREIG. I found nationally that that review—well, this particular reviewer spoke to me, interviewed me, and he said, "Why don't you write about the real crooks, the real criminals, that are involved in drug manufacturing?" I was waiting with bated breath. I thought, here at last. He is knowledgeable in this field: I am going to get some good information. He named one of the major manufacturers of an ethical drug, then he went off into a tirade about the side effects of that drug.

Now, I am not a pharmacologist, and neither is he, but he is hiped on the subject of side effects and adverse reactions. But the adverse reactions from counterfeited drugs and drugs made by outright criminals and racketeers in clandestine laboratories he has never investigated. I wish he would investigate those.

As far as book reviewing is concerned, that was the review I got in Washington. Sorry it appeared here because I have had dozens and dozens of terrific reviews throughout the world. That one review was written by a person who wanted me to write a book that he feels is very important. He did not review the book I wrote and researched.

He has written a book on this subject, FDA, industry, and so forth, a good book on this subject; and he should write another book on this subject because he feels very strongly about adverse reactions, and monopoly and things like that.

Mr. FASCELL. Mrs. Kreig, I think I ought to add at this point I wouldn't care if you were employed by a large drug company if you write this book. The fact that you have publicly explained what I think is a very, very shocking and dangerous situation is important, and it doesn't make any difference to me whether you are employed by FDA or whether you are employed by a drug company or whether you are on your own. I don't think it destroys the merits of your work. It either stands or falls based on what you have said in your own documentation.

Mrs. KREIG. The facts are there, Mr. Fascell, but as you know, I cut this book down from 600 to 300 pages, and to me it makes a lot of difference whether I am a free-lance science writer.

Mr. FASCELL. I am sure it does to you as an author.

Mrs. KREIG. Because just in cutting a book you can load the dice. I mean, you know, to belong to an organization and write about it from the inside gives kind of an institutional story because you worry about what your boss is going to think. I think that this kind of a book has to be written by a completely unsubsidized free-lance writer,

otherwise there will always be that aura, that question of, well, did she leave out the other side of the story?

The fact is the book was about criminals, and I had to write what I observed about criminals.

Mr. FASCELL. Right at that point, you said, in your statement, that organized crime is making a major move to substantially infiltrate the drug industry at the manufacturing and the distribution level.

What is that major move?

Mrs. KREIG. Well, there are about 24 Mafia "families" in the United States, that ethnic group, and then there are countless bands of hoodlums who are loosely organized but nevertheless working together and in some ways connected with the international crime syndicate. I would say from the names that I recognized as a former writer of true crime articles for national magazines, that at least a dozen of the bosses of these families and many, many of their underlings—I think there are 2,000 or 3,000 members that your committee has brought out from Mr. Henry Petersen's testimony—I would say hundreds of underlings are involved in this.

Now, we have the problem even with FDA of the old-fashioned type of inspector who thinks the Mafia is something dreamed up by perhaps the Bureau of Narcotics to get more money and men; or that this is some hysterical situation on the part of the press.

I would just like to say we have to accept the fact that there is organized crime, be it Mafia, La Cosa Nostra, or as was the case with people involved in drug counterfeiting, remnants of the Murder, Inc., gang, which is an entirely different ethnic group.

Last week I spoke to Dr. Joseph Lohman, who is the dean at the University of California Criminology School at Berkeley. He ran the first BDAC training course and also was my professor of criminology at Chicago. I despair—because when I was a student years ago he lectured on the almost impossibility of combating organized crime. He has been sheriff of Cook County in the meanwhile. I asked him what was the crucial thing today and he said that the public, the press, and Congress have to accept the fact that there is organized crime. It is an entity. We have to attack it and make war on it as an entity, as an illicit government.

There are people within the Bureau of Drug Abuse Control who are experts in this field. Mr. Jack Bologna, for instance, who lectures to the BDAC agents on organized crime, tells us they have a legislative and a judicial branch, and so forth. But by and large most people, I know this from reporters who interviewed me on this subject, know so little about organized crime. They are so eager to be cynical and to dismiss the fact, that on television they ask me to name a Mafia leader who is infiltrating a company and to name the company. They should know that conspiracy cases like this take years and years and years of the most perilous and difficult casemaking, and even when you get a major figure in court, his lawyers get him off.

So how can they expect a member of the press to name names on television? I did name names in the first draft of my book, and I have turned that draft over to the FDA. I have given them the names of all of the organized crime people that I checked out with Mafia experts in police departments and in other agencies.

So this book is not a fuzzy fictional account. It had to have pseudonyms to conceal the identity of people who are under investigation, and to protect lives. But the names are there, and they are well known, recognized names in organized crime, I assure you of that.

Mr. FASCELL: In the course of your investigation, did you determine what relationship, if any, the FDA or BDAC has with the organized crime section in the Department of Justice?

Mrs. KREIG: I believe that Dr. Goddard has an FDA man by the name of Mr. Arthur Davis who is working with this unit. I should think that Mr. John Finlator, the head of BDAC, is in contact with them. He is the president of the Federal Agents Association now. And he also has a man on his staff, Mr. Dennis Dale, who is setting up an organized crime unit within BDAC headquarters. In every BDAC district, I understand, there is a person in charge of coordinating organized crime. But this is all just getting underway. This is a fledgling agency, and in the year or so of its existence, it has been beset by many problems, not the least of which was as soon as it was created it couldn't even achieve its minimum complement of manpower before it was restricted. Also, the microphones and transmitters that are so vital to uncovering legitimate fronts and to saving the lives of agents were taken away from these agents right after the President's state of the Union message in January 1967. Within a matter of days, a BDAC agent was making an arrest of a drug trafficker, and he needed to summon help. The only way he could do it was to put his fist through a window and wave down the street to other Federal agents. He cut a tendon in his hand and almost lost his hand.

As a result of that, I believe that FDA petitioned again for at least a transmitter and a microphone for the safety of the agents' lives so that they can broadcast their signals for help to fellow agents down the street.

This brings me to electronics surveillance equipment which is so controversial. When I went into FDA I was prejudiced against the use of the equipment. I had written a series of articles on the wrongfully convicted, and I suppose I had a bleeding heart approach to crime at that time.

I have been "tailed," I have had my telephone wires tapped, and I know it is a sickening sensation to have this happen to you. Therefore, the idea of listening in on peoples' conversations was repugnant to me. I just couldn't go along with it, at first.

Now, as you see, I have a book that is based almost entirely on excerpts of tape recordings made on the scene in which a Federal agent wore a tiny microphone and transmitter and another Federal agent recorded the conversation. No listening devices were planted on the premises. No wires were tapped. This was primarily for the protection of the agent and secondarily to find out where, when, and how these criminals were going to strike next, and also to uncover legitimate fronts, as in doctor cases.

If an FDA undercover agent goes to a doctor—I have a "pill mill" chapter in the book in which I had to select from many cases—it is very difficult for FDA to make a case against a practitioner who belongs to all the professional societies, and who is a pillar in his

community, even though he may be selling, and I am not exaggerating, millions of dangerous drugs illicitly under his legitimate cover.

FDA records the conversation. Then when they come to trial, hardened criminals, as well as some of these other legitimate fronts, very frequently lie to their defense attorneys, so these tape recordings have proved useful in recent weeks against some of the drug companies that I referred to earlier, in that the president and the vice president of this particular firm lied to their attorney that they were legitimate.

The FDA inspector played just a few moments of that tape in the U.S. attorney's office for the defense attorney who went back to his clients and said, "Did you say this?" And they had to admit they did, and immediately their plea was changed to guilty. This saved the taxpayers money. It also saved the manpower of the FDA because these cases are very long and drawn out, 3 or 4 years is nothing. We, the taxpayers, have to pay to send expert witnesses all over the country, and the FDA is in a turmoil: it can't go on with its ongoing cases because people are pulled off surveillance to go and testify on a case. So if they can use this equipment that records conversations—even if they can't use it in the actual trial—but if they can use it in these other ways to find out how criminals are going to strike next, and use it when they lie to their attorneys, I think this is very valuable. I completely changed my attitude toward electronic surveillance.

I wish we would get some guidelines from Congress on that.

Mr. VANDER JAGT. Thank you.

May I follow it up and make it clear, in your opinion is the use of electronic equipment crucial to a successful war on the counterfeiting of drugs?

Mrs. KREIG. On the counterfeiting and on other aspects of willful criminal activity involving pharmaceuticals, especially in uncovering legitimate fronts.

Mr. VANDER JAGT. I think you indicated in your book that the President's Crime Commission in their study came to the same conclusion that they felt that the use of electronic equipment was crucial to successful waging of the war against organized crime. Do you have any evidence that they did, in fact, come to that conclusion?

Mrs. KREIG. I was very disappointed in their final report. It was my understanding, and I am only speaking from hearsay, I didn't interview the committee. I understand the majority of the members were very strongly for setting down guidelines for Federal agencies, and that something happened in between times, because the Acting Attorney General—now the Attorney General—does not seem to favor this. The report was somewhat watered down and this was a great disappointment to me personally because I had long awaited this report and hoped at last there would be a change in the sentiment that we have had in which everybody is lumped together in using these snooping devices.

The fact of the matter is, I believe the manufacture and sale of these devices should be controlled or restricted, because the vast majority of snooping devices produced today are sold to nosey neighbors, to suspicious spouses, to industrial spies, and not to lawmen. Only a small part of this equipment goes to Federal law enforcement agencies fighting organized crime, and only a very, very small part

of that goes to FDA and BDAC and now they cannot record conversations.

Mr. VANDER JAGT. I was just curious. In your book you indicated that the Commissioners on the President's Crime Commission had come to the conclusion that it was crucial that electronic devices be used in the war on crime, that it was deleted from the report. Do you have any evidence that you can recall that they did come to this conclusion?

Mrs. KREIG. Well, there are reporters who apparently did have some sort of a pipeline into the cloakroom, or something—I think I can give you this reference: "As an example of the confusion and controversy that exists, the majority of the President's National Crime Commission members reportedly endorsed the view that"—this was sent to the printer before their report was published "electronic surveillance and wiretapping by Federal agents are crucial to the anti-crime effort. But according to the New York Times of November 23, 1966, Acting Attorney General Ramsey Clark asked the Commission to avoid the subject in its report. He reportedly said that the eavesdropping issue would act as a quote 'red herring' to distract public attention from important and less controversial recommendations."

I think whether this is controversial or not, we must face it, even if it is issued on a court order. For instance, if we trust our judges to issue a search and seizure warrant, can we not trust our judges to issue a warrant for the use of these devices at a specific time and specific place against a specific lawbreaker or known criminal?

Mr. FASCELL. Will the gentleman yield right at that point please? I think we might as well get in the record at this point what the President's Crime Commission report said on the subject was that a majority of the members felt that the use of electronic surveillance in organized crime was immensely helpful but since it was not a unanimous report of all of the members of this Commission the Congress should specifically lay down the guidelines on the subject.

Mr. VANDER JAGT. Is that your understanding of it?

Mrs. KRIEG. Of course, Mr. Fascell is much more familiar with the action of the board than I am.

Mr. FASCELL. We will let the report speak for itself, and at this point in the record without objection, we will extract from the President's report the exact language dealing with the subject.

(The excerpt referred to above follows:)

EXCERPT FROM "THE CHALLENGE OF CRIME IN A FREE SOCIETY," A REPORT BY THE PRESIDENT'S COMMISSION ON LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE

A majority of the members of the Commission believe that legislation should be enacted granting carefully circumscribed authority for electronic surveillance to law enforcement officers to the extent it may be consistent with the decision of the Supreme Court in *People v. Berger*, and, further, that the availability of such specific authority would significantly reduce the incentive for, and the incident of, improper surveillance.

The other members of the Commission have serious doubts about the desirability of such authority and believe that without the kind of searching inquiry that would result from further congressional consideration of electronic surveillance, particularly of the problems of bugging, there is insufficient basis to strike this balance against the interests of privacy.

Mrs. KREIG. I was handicapped in not having their report while I wrote the summary of my book and while the rest of the book is first-

hand, I had to use a lot of those weasel words like "allegedly" and "reportedly" and so forth.

I do know the Congress has expended a good deal of time in investigating snooping devices used by the FDA. FDA agents have been called Gestapo agents and stormtroopers and what not, and Congressmen have written books about these insidious devices in the FDA, and here we go again. I mean, let's have an investigation of the other side of the story.

Mr. VANDER JAGT. If I could move on very briefly to another topic, did I understand from your book that the FDA does not license the manufacture of drugs, only provides for registering them?

Mrs. KREIG. That is true, and that is just a recordkeeping device, they do not inspect them prior to issuing this registration number sent out by mail. They do not investigate who is going to make the drugs, what their qualifications are, or what their physical plant consists of.

Mr. VANDER JAGT. If they then discover that a manufacturer is counterfeiting drugs then what authority do they have?

Mrs. KREIG. Until February 1, 1966, when the drug abuse control amendment became enforceable, there was no law against counterfeiting drugs, and they still go under sort of a misbranding situation, which is only a misdemeanor. Maximum fine is a year in jail or \$1,000, and usually if it is your first offense, never mind if you have murdered and you are an arsonist and an extortionist and a loan shark, et cetera, if this is your first offense at drug counterfeiting, the Federal judge will usually suspend your sentencing. Therefore, the people suffer—taxpayers have provided, you know, \$12,000, \$15,000, I don't know how many thousands of dollars for drug buys in order to make counterfeiting cases, and the criminals take this money, pay off their bail bondsman, pay their fines, and go merrily on their way. So it is very discouraging.

Mr. VANDER JAGT. So if there is no State law making it a felony, which in many cases there is not, the counterfeiting in drugs is only a misdemeanor?

Mrs. KREIG. It is still a misdemeanor in the Federal law unless it is a conspiracy to defraud the Government, which is a very difficult case to prove because it involves many people and years of casemaking.

Mr. VANDER JAGT. One last very brief question, if I might, Mr. Chairman. I know although it is brief it is a very tough one because we aren't very well organized in our war against organized crime. We have developed in your testimony the fact that they have made their entry into the black market medicine business. You did testify that on one occasion you saw a million dollars worth of black market medicine?

Mrs. KREIG. That was a rough estimate given to me at the time.

Mr. VANDER JAGT. Could you give us any rough but somewhat educated guess, your guess certainly being far more educated than mine, as to the extent and scope of black market medicine?

Mrs. KREIG. If that includes counterfeiting it would include the drug company official's figure of up to \$100 million a year given in 1964 on counterfeited products alone; and black markets would include dozens of hijacked trailers of pharmaceuticals worth up to a half million dollars apiece, so we can add all those.

It would include mass production for illicit sale at 10 to 25 cents per tablet of amphetamines, and it just goes up and up and up. The

legitimate global prescription drug industry in this country is \$4.1 billion a year.

Now, how big this illicit one gets, I wish FDA would try to find out. I wish the legitimate industry would through their marketing surveys. Believe me, the people that could supply a tremendous amount of helpful information, and have, quite often are security men, detail men, marketing men, who have given information to FDA—leads, good leads, on counterfeiting cases. But they could do far, far more to describe the extent of this entire black market drug problem.

What I had to do in this book, as one reporter on the scene, was describe the nature of the people involved and precisely how they go about it and in their own words wherever possible.

What remains to be done, and I couldn't possibly do it alone, is to have the Government and the affected industry do an extensive research survey on how widespread the problem is. I would hope it is very small.

Mr. VANDER JAGT. From the figures that you have just ticked off and the figures that you do mention in your book, just as I add them up I would get a ballpark figure of over half a billion dollars right there. Would you agree with that?

Mrs. KREIG. I really don't know but I can give you a case from the New York district in which 50 pounds of a stimulant that is a legitimate drug, but that is also a drug of abuse, was seized, and this would have been broken into \$55 bags of 1 grain each. This 50-pound bag of methamphetamine would bring about \$1¼ million at the retail level.

Now, one reason that organized criminals are anxious to go into this business is raw materials and so forth are expensive. They can make as much money smuggling \$100,000 worth of vitamin B₁₂ in a little packet as they could, almost as much, smuggling heroin, and the penalty is a slap on the wrist. Where you have vitamin B₁₂ costing 229 times the price of gold ounce by ounce, this is a very valuable commodity. It is also a lifesaver in pernicious anemia, so we don't want them in this business. They have no business handling lifesaving drugs.

Mr. VANDER JAGT. Thank you.

Mr. FASCELL. Mrs. Kreig, one thought occurs to me and that is if organized crime is doing as you have alleged and I am sure they are, why would they even bother with any kind of drugs? Why go to the trouble of getting adulterated drugs or contaminated drugs or raw materials of any kind? All they have to do is get a pill the right color and shape and a proper label, and they can sell it to anybody for anything. What difference does it make what's in it? So why do they go to all the expense of getting any kind of drugs, why not just use sugar or chalk or some other cheaper substance?

Mrs. KREIG. Because one of the big problems, as you know, in organized crime is what to do with the black money they skim off their gambling. I have a list here of all the legitimate fronts I have covered in the pharmaceutical field—this list does not appear anywhere else—plus a list of the well-known ones like distributing vending machines, and so on.

The reason they go into legitimate businesses and set them up, restaurants and bars, and so forth, is so, for tax purposes, they will

have legitimate investments. They hire accountants, lawyers and even public relations people to keep this whole thing, respectable facade, maintained.

So when they set up a drug company it isn't just to knock out the pills and get the money on a quick sale. It is also an investment for them. They would like to keep the thing going. They don't want to make waves. They would like to keep the product relatively good. But then they are fighting their own impulses to cut corners, to adulterate, to contaminate, and the people are not trained in pharmaceutical manufacture.

Mr. FASCELL. In other words what you are saying is they want to make a drug product which is difficult to trace or to distinguish from the original, except by experts and under laboratory conditions?

Mrs. KREIG. Ten FDA pillistics experts there are in this country, and it takes them up to 5 hours to analyze a single sample, so obviously we can't turn to them very often to do an analysis of a drug.

Mr. FASCELL. Let's take another case. Let's assume that you have one of these illegitimate manufacturers who makes a fairly decent drug in the sense that it is not adulterated, it is not contaminated, but it is in some way substandard.

Mrs. KREIG. Yes.

Mr. FASCELL. Why wouldn't he just go ahead and make a pretty good product and just duplicate a very famous brand name or label?

Mrs. KREIG. Why, would he do that?

Mr. FASCELL. No—why wouldn't they produce an unadulterated but cheaper drug and simply duplicate a well-known brand label for the container?

Mrs. KREIG. They do. There is counterfeiting of brand name products, and there is registered and OK'd production of generics, and then there is moonlighting over, say, Labor Day weekend. Last year one "legitimate drug company" produced millions of generics which they didn't put down in their accountability records for the Bureau of Drug Abuse Control. They keep two and three sets of books. This whole thing is a farce about the accountability surveys.

Mr. FASCELL. In other words, what you are saying is that the generic drug is produced cheaply or bought by an illegitimate operator who then counterfeits the label, the bottle, and container and sells it as a high-priced product on the market?

Mrs. KREIG. We are dealing with two things confused here: counterfeiting and illicit production of control drugs. It is so complicated. They have first manufactured generic products for legitimate sales. I am not saying (and I must point this out because I have been accused of it) all generic manufacturers are criminals, by any means, but in the cases in the FDA records, very rarely, if ever, have counterfeiters been just counterfeiters. They have also been generic producers, you see. So they start with their generic capsule or tablet or makings for them, and then they get the punches and dies and printing machines and so forth, and by night, when there are no FDA inspections or over a weekend, or through subcontracting to other little manufacturers, and people who would be willing to go along on this thing, they will have the imprinting done. Maybe somebody else will do the packaging, and then somebody else will do the shipping and it all looks very, shall we say, Smith Kline & French. This is from the FDA:

a counterfeit bottle of dexedrine, bottled, labeled, capped, even the cap is all counterfeit. We have somewhere here a regular bottle and you can tell by the ultraviolet light that this is a counterfeit label, but I defy you to tell any other way that this is a counterfeit thing.

So they start with their generic production of maybe what they call timed-release capsules of amphetamine. Perfectly all right to produce those. Hundreds and hundreds and hundreds of people do. If they want to use brown and clear capsules, this is getting a bit close to what S.K. & F. uses but I think S.K. & F. may have a hundred, or 150 imitators. This is a matter of economics, commerce, and I don't want to enter into it. It is not a criminal charge. What becomes criminal, although defense attorneys say it is only a patent infringement and not a crime against a human being, what becomes criminal is when they stamp S.K. & F. on with white ink in a markem machine.

Now, again, people say, "so what is the difference if they have 15 milligrams of dextro-amphetamine sulfate in here, and they are clean and it disintegrates in 10 to 12 hours the way S.K. & F.'s does, it is going to save the people money." The point that these questioners do not understand is the consumer doesn't save 1 penny on a counterfeit drug. The counterfeit drug is usually sold for the same price to the consumer as is the stolen drug, the contaminated drug, and the distress drug. This talk about saving consumers money is all mixed up with some very important issues that are not explored.

Mr. FASCELL. Except in those cases where drugs are sold as loss leader items?

Mrs. KREIG. This, as we know from the AMA survey and other surveys, depends on individual pharmacists.

One of my first questions took me 18 months to try to resolve in my chapter on the pharmacy business. This harks back to my time as an editor of Parents magazine, I don't want to frighten people needlessly. I wanted to try if I possibly could to find consumer tips to pass on to people so they could save themselves. After 18 months of questioning, I came up with the ancient advice "let the buyer beware," because one of the worst criminals in this book operates the fanciest pharmacy I have ever stepped into. He will not sell even a package of cigarettes; he is purely prescriptions. And believe me, this man is a fence, a felon, a very terrible man. He is involved with the Mafia, and he buys swag.

He says—I have a conversation in the book—he buys it for, say, half price.

Mr. FASCELL. This is hijacked stuff?

Mrs. KREIG. Hijacked stuff.

Mr. FASCELL. Legitimate drugs?

Mrs. KREIG. Yes, he even dictates who is going to hijack whom, what, where, and when; I mean they use walkie talkies to hijack drugs from legitimate drug companies but the FDA can't use walkie-talkies to catch them; I know this is the way it goes.

Mr. FASCELL. By the way, is this man still in business?

Mrs. KREIG. Oh, yes, and he has been in the newspapers for years. I went to the school of pharmacy where he was graduated and I asked, "How could you have graduated such a person?" They said, "Well, he made very good grades and he passed all his courses." [Laughter.]

They said, "We don't issue licenses; that is the State board of pharmacy."

Mr. FASCELL. And he is not violating any Federal law?

Mrs. KREIG. Yes, he is violating Federal laws practically every day of his life.

Mr. ST GERMAIN. Just one quick question, if I might?

Mr. FASCELL. Go ahead, sure.

Mr. ST GERMAIN. When you went to school and asked how they graduated him, did he have any criminal record prior to his graduation from the School of Pharmacy?

Mrs. KREIG. Well, he had been bragging to us that when he was a student in this pharmacy school he stole gold and various equipment from the laboratories—and—

Mr. FASCELL. Maybe that is the reason he got good grades. [Laughter.]

Mrs. KREIG. The dean of the School of Pharmacy said—because he still practices, you see, and has for many years in the same town where he was graduated from, it is a very fine school of pharmacy—he said:

He is a terrible embarrassment to us, but we found no indication of criminal behavior, and even if we had, we would have had to do what the police do, that is get actual evidence that he was breaking a specific law.

Now, I went to the National Association of State Boards of Pharmacy and spent quite a bit of time talking with them and examining their laws and I believe that in fewer than a dozen States as a part of the licensing procedure is there any mention at all of good moral character.

Mr. ST GERMAIN. How about criminal activity prior to?

Mrs. KREIG. Some States. There was a Government survey sponsored by the FDA, done by the Public Administration Service on how well the people who have the power of revoking, or suspending licenses of pharmacists, are protecting us. It was incredible. About one-third of the State boards of pharmacy aren't doing anything to speak of. About one-third are occasionally making a case. About one-third are termed active. There are very interesting comparisons. A State out in the Far West, that has fewer pharmacists, will have the largest number of revocations and suspensions of licenses, while an Eastern State that has many, many, more registered pharmacists, hasn't suspended a license. Yet I know in such States that there are pharmacists breaking the law and so does the FDA, and I can't comprehend why these people continue in practice. This one man, to my certain knowledge, for the last 3 years has broken many, many laws.

Some people tell me he is an informant of another Government agency. If he is, indeed, an informant of another Government agency, I think that this should be stopped at once, because every day in one of his pharmacies, he fills 400 prescriptions and therefore 400 sick patients are being maintained on doses of medication that are swag, that are counterfeited, that are substandard, just so he can be maintained as an informant. I think this, if true, is a scandal.

Mr. WRIGHT. Mr. Chairman.

Mr. FASCELL. Mr. Wright.

Mr. WRIGHT. Mrs. Kreig, I know in your book, on page 19 you made a statement which was repeated in your testimony. You say:

The crooks have everything going for them. Drug counterfeiting, despite its threat to the Nation's health, is not even against the law in most States. Under Federal law it is still considered a form of misbranding and as such only a misdemeanor.

I am sure you feel that our act of 1965 was an appreciable step forward.

Mrs. KREIG. Yes. It was.

Mr. WRIGHT. Do you feel that certain specific acts, perhaps not alone the misbranding but still more dangerous business of debilitating and weakening drugs should become legally a more serious offense, punishable by much heavier fines and, perhaps punishable by the revocation of any right to dispense drugs? Would the Federal Government have the power to require such a penalty to be exacted upon conviction of some of the more serious things that are done here?

Mrs. KREIG. Well, as I understand it, there is a trend in the other direction, and that is for the Food and Drug Administration to delegate regulation of pharmacists.

Now, FDA cannot suspend or revoke licenses of pharmacists or doctors, you know.

Mr. WRIGHT. I understand that.

Mrs. KREIG. But there is a tendency because of the workload in FDA to try to get better cooperation from State agencies. I think we need, in addition to strengthening our Federal enforcement agency in the drug field, we need to do far, far more with the State and local drug inspectors, who are underpaid and very poorly trained. I know the FDA has a pilot program going, the Federal-State relations program.

But now you are asking, should the Federal Government step in on cases involving practitioners who are licensed by State agencies? Isn't it true that the police powers are pretty much vested in the States?

Mr. WRIGHT. Yes, in this general area I think that is true. Basically my question was whether or not, in your judgment, further amendments to the law might be in order, and whether by making Federal offenses of some of these things which heretofore have been only offenses of State laws. Do you believe this might be helpful in curbing these willful practices of people such as the pharmacist whom you mentioned?

Mrs. KREIG. They should be uniform laws, first of all. Every State differs in its prescription drug law, although there is a uniform narcotics law. I think there should be uniform State laws patterned on the FDC Act and its amendments including the drug abuse control amendments. Those laws, I feel, should be strengthened. But I get very, very depressed when I think of the effort that will go into just trying to get these amendments because they argued a whole year on just one word "psychotoxic" in the drug abuse control amendments because people thought this was a loaded phrase and inaccurate and so forth. When you start treading on the toes of the AMA and APHA and all these trade associations, the hearings would go on forever. I just am trying to be realistic.

Mr. WRIGHT. What do you see as the most necessary improvement, then, in the structure of the law or enforcement of the laws that exist?

Mrs. KREIG. I think pharmaceutical plants and all people who are changing a drug in any way, from the synthesizers to the tabletters and encapsulators, repackagers and relabelers—all of which activities provide opportunity for changing drugs and for muddying up the distribution channels—all these activities should be licensed. This will not work a hardship on people who are complying with the law. But it

will, I am assured by FDA officials, drive the shady people out of business almost overnight.

Now, in order to have a licensing situation that works, we have to have more men and more money and more authority for the agency that would regulate this. There is no use passing a law and just letting it go at that.

Mr. WRIGHT. Are you suggesting it should be licensed by the Federal Government—specifically the FDA—rather than the State Government?

Mrs. KREIG. Yes, I am. Instead of the registration number system which is to me just a ridiculous situation.

Mr. FASCELL. You are talking about Federal registration?

Mr. WRIGHT. Yes.

Mrs. KREIG. We have all these arms of Government that never communicate with each other. It seems to me the military procurement people, not to mention the Small Business Administration, which gave some \$200,000 to one of the characters in my book to start up a drug plant, just so he can go into the rackets, these agencies should communicate with each other. No firm should be on a procurement list that isn't licensed and approved.

Mr. FASCELL. You have stated several times now about the reluctance on the part of Federal agencies to share important information with FDA. Do you have a specific in mind that you were involved in and can you tell us about it?

Mrs. KREIG. Yes, and it was outrageous because there were three steps to this. A big furor, when I started my research, was diversion of amphetamines and barbiturates. FDA was trying to track down the production, where it was coming from. I knew for years, working on "Green Medicine" and interviewing many people, that there were hijacked trailer loads of pharmaceuticals worth half a million dollars disappearing. Sometimes the driver was hit over the head before he even left the loading platform.

Some drug companies were willing to tell me about this, and even let their security people show me their records. I interviewed State police officers who were called in. I went to the FBI and asked them to tell me, approximately, if they could, how many tractor-trailer loads of pharmaceuticals were hijacked. They gave me a few leads. I went to the FDA districts involved and they knew nothing about this. They had to read about it in the newspapers. These people were hardened criminals, even members of the Mafia, these hijackers.

But over and beyond that is the denial by the trucking industry that this exists, during training of agents in the Bureau of Drug Abuse Control.

Last fall I attended the later drug abuse training sessions. I looked upon the establishment of the Bureau of Drug Abuse Control with such relief, after years of working on this subject, at last I would be able to end my book on a hopeful note.

One of the first lectures I attended was by a trucking official. New BDAC agents seated in the audience included: a man who had worked 11 years with the Federal labor racketeering section; former Federal Narcotics Bureau men; a detective who spent something like 20 years on the police force; a chief inspector of the FDA who made some of the first truck stop cases in America in the 1950's by riding with the

truckers cross country on the bennie routes. This man from the trucking industry gave a canned PR lecture that was sickening. As an observer, I couldn't ask questions but I asked three agents to ask him questions. I had done a lot of research on truck stop cases; I had gone out to truck stops. I asked one agent to ask him: whether any pharmaceuticals had been hijacked and he said "not to his knowledge." I had something like a list of 37 major hijackings that I had just compiled in a random sampling.

Then, another person asked him "have you ever heard of any kind of a hoodlum takeover of bennie drugs that involved truck stops or truckers?" Oh, no, there was nothing like that going on! When, indeed, there were two- and three- and four-State territories that are protected by extortion and murder for bennie routes.

The third one was, "had he ever heard of any truckdriver maintaining a double log? The gypsies, the owner-operators, in order to drive more hours than are permitted by the ICC, keep double logs, even triple logs. This is a menace on the highways because drivers hopped-up with bennies have been in many crashes. "Well, maybe a few," he said. "But only a very few would ever do a thing like that."

Now, this wasn't a Federal agency that wasn't cooperating, but it was a so-called training lecture for Federal agents. I thought it was shocking because every man in the audience knew from his own experience, almost without exception, that this man was whitewashing a serious problem.

Now, I am happy to say, that that type of instruction in the area of trucking has been abolished. Partly, I imagine, because I was just so furious, I walked out of the place. I felt that these BDAC men could have had a seminar on how to deal with this. They didn't need a PR man from the trucking industry to tell them all this nonsense. This is one of the problems. I don't think the training of the agents is adequate.

Mr. FASCELL. Any other question? Mr. St Germain?

Mr. ST GERMAIN. Could you give us an example of one of the drugs useful in medicine, the uncontrolled distribution of which could do irreputable harm, in other words a useful drug which, if distributed without proper controls could be very harmful?

Mr. FASCELL. Chloromycetin.

Mrs. KREIG. Chloromycetin, or Chloramphenicol, generically is one already mentioned. I wonder if the fact that "everybody and his brother" now that the patent is off this drug—after all the innovator of this drug, which is Parke-Davis, has had many years of experience and has indeed had a lot of trouble over the adverse reactions of this drug. But at least as FDA inspectors have told me, they—P-D—know the drug from years back. I am not arguing against the fact that there should be generic products, but this one area is something to consider. FDA can keep track of a drug like chloramphenicol when it is only produced by one company under the name, say chloromycetin, much more easily than with just a handful of men, they can trace a hundred distributors in the New York area alone, there is something very strange going on here, and it is the fault of the medical profession.

Chloramphenicol is dangerous but it is also a lifesaver in typhoid. Now, how many typhoid cases are we having in this country that would make it so profitable? I mean, it seems as though this drug is being

overproduced for the number of cases that it should be used for. This gets away from black market medicine, but this is an area that certainly should be explored, and FDA, it seems to me, should have some say on the production. I know this is getting into very, very controversial areas, but with a drug that produces very serious side effects, if the physicians do not keep up with these and create a demand, then everybody and his brother will go into pharmaceutical manufacturing to supply that demand, do you see what I mean? It is a supply and demand situation, and where will all of this end with medicare and medicaid and tremendous demands for drugs? There will be more and more, and more pharmaceutical manufacturers, illicit and registered, and FDA is swamped now. What will they be in years to come?

Mr. ST GERMAIN. One last one. We recall, as we discussed earlier, the minute you give any produce an aura of being approved by the Federal Government, naturally people are then lulled into acceptance of security and tranquility. The mere fact that a drug manufacturing firm registers and thereby gets a registration number, this is a registration number from FDA, is it not?

Mrs. KREIG. Yes, and it can be given over the phone to obtain a 50 pound bag of methamphetamine. Even if you don't own the number, apparently you can phone it in.

Mr. ST GERMAIN. Yes, therefore, whoever buys this looks at the registration number, says "this is fine, it is registered with FDA." Therefore I have asked our counsel to have legislation prepared until such time as we can get to licensing, to prohibit the issuance of a registration number until such time as it has been determined by FDA that the particular firm that wishes this registration number has the proper personnel, is staffed, working under proper conditions, with the proper safeguards.

Mrs. KREIG. And you should also give FDA the power to revoke or suspend the registration number because don't you see—

Mr. ST GERMAIN. When they are no longer complying with these requirements.

Mrs. KREIG. Because you see people have gone to jail and come out and picked up their registration number again, because there is no power of revocation or suspension over this registration number. It doesn't matter what you do. You can hang on to your registration number.

Mr. FASCELL. Thank you, Mrs. Kreig.

Gentlemen, we are in our second quorum call and second go around, and I think we will terminate at this point.

Mrs. Kreig, we want to thank you very much for making yourself available and giving us a tremendous amount of time, energy, and thought on this very vital subject. I can assure you that you have made a tremendous contribution not only to the deliberations of this committee, but to the Congress and the American people. I want to express my appreciation to you on behalf of the committee for helping us with this very important task.

Mrs. KREIG. Thank you, very much.

Mr. FASCELL. The subcommittee will stand adjourned subject to the call of the Chair.

(Whereupon, at 12:30 p.m., the hearing was adjourned, subject to the call of the Chair.)

THE FEDERAL EFFORT AGAINST ORGANIZED CRIME

TUESDAY, JUNE 20, 1967

HOUSE OF REPRESENTATIVES,
LEGAL AND MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m. in room 2247, Rayburn Office Building, Representative Dante B. Fascell (chairman of the subcommittee) presiding.

Present: Representatives Fascell, St Germain, and Edwards of Alabama.

Also present: Charles Rothenberg, counsel; Millicent Y. Myers, clerk; and William Copenhaver, minority staff member.

Mr. FASCELL. The subcommittee will please come to order.

This morning we resume the Legal and Monetary Affairs Subcommittee hearings into organized crime.

The purpose of the continuing study being made by this subcommittee is to ascertain the nature and extent of organized crime, to determine what efforts are being made by the Federal Government to combat it, and to discover ways of improving the effectiveness of those efforts.

The President's Commission found that the sale of illegal narcotics is organized like a legitimate import-wholesale-retail business, but that the severity of mandatory Federal penalties for narcotics violations has caused organized criminals to restrict their activities to importing and wholesaling in such a way as to isolate the top echelon from the actual operations to protect their immunity against prosecution.

Today we are pleased to have with us Mr. John R. Enright, Assistant Commissioner of Narcotics, of the Bureau of Narcotics, and Mr. Lawrence Fleishman, Assistant Commissioner, Office of Investigations of the Bureau of Customs. The agencies represented by these gentlemen have demonstrated a high degree of effectiveness in restricting and curtailing the activities and operations of organized crime, and we hope to learn from them what factors, methods, and actions have been responsible for this success.

Specifically, we are most interested in any significant changes and improvements with respect to the cooperation and coordination of efforts between and among the various agencies which have jurisdiction and responsibilities concerning organized crime activities, since the formation of the OCS of the Department of Justice. We would also want to hear of any problems and difficulties which may have been encountered in the operations of the agencies, and to receive suggestions for improvement within the confines of these particular agencies or in the overall fight against organized crime.

Mr. Enright, I know you have a prepared statement. We would be very happy to hear from you.

STATEMENT OF JOHN R. ENRIGHT, ASSISTANT COMMISSIONER OF NARCOTICS, ACCOMPANIED BY DONALD MILLER, CHIEF COUNSEL, BUREAU OF NARCOTICS

Mr. ENRIGHT. Yes, sir. Thank you.

Mr. Chairman and members—

Mr. FASCELL. Would you identify who is with you at the table?

Mr. ENRIGHT. Yes, sir; excuse me. I am pleased to introduce Mr. Donald Miller, Chief Counsel, Bureau of Narcotics.

Mr. FASCELL. All right.

Mr. ENRIGHT. The Bureau of Narcotics appreciates the opportunity of reporting to this committee its views concerning the problem of organized crime.

For the past 37 years the Bureau of Narcotics has been the primary force in the Government's drive against the illicit narcotic traffic. Coincidentally, for approximately the same length of time, organized crime has been the predominant force behind this national and international trade.

As a result, the Bureau came to know this criminal organization intimately as it grew in strength, and recognizes it today as one of the serious threats facing our Nation.

Organized crime is dominated by the Mafia, which is ruled by fear and ironclad discipline. It operates from a table of organization similar to a complex military structure. In addition to its criminal endeavors, it controls much lucrative commercial business. Indeed, the day may come when its quasi-legitimate functions will rival, if not exceed, its overt criminal pursuits as a source of revenue.

It has been fortunate that the revelations of various committee inquiries, such as this, together with incidents such as the Appalachi meeting and the Valachi testimony, have thrown the spotlight of publicity on the organization so that today at least its existence is generally accepted. This was not always the case.

Insofar as the operations of the Bureau of Narcotics, our major concern is the traffic in heroin, the drug of choice of most addicts in the United States. A lesser portion of this drug enters the country from Mexico and the Far East. However, the bulk of this heroin is derived from opium produced in Turkey and converted to heroin by French-Corsican elements operating laboratories in France. A strong bond of cooperation exists between these Corsican suppliers and the U.S. criminal organization.

To attack this international apparatus, the Bureau of Narcotics operates with a relatively small force of 301 enforcement agents and supervisors located in 13 districts covering the United States, Europe, the Near, Middle, and Far East, and Central and South America. These agents are assigned to the various offices in proportion to the extent of the traffic, with our largest forces located in New York, Chicago, and Los Angeles.

With regard to organized crime's role in the narcotic traffic, certain observations must be made. The National Crime Commission estimated that organized crime derives \$6 or \$7 billion annually from its

participation in illegal gambling. The Commission further reported that the proceeds from the illicit traffic in narcotic drugs amount to approximately \$21 million per year. This would indicate, at least, that narcotics are a relatively small part of the organization's activities.

This is in no way an attempt to minimize the drug problem but rather an effort to place it in its proper perspective. We note, primarily due to a strong enforcement effort, that many members of the national organization have chosen in recent years to divest themselves of the narcotic business. We find in certain cities, where organized crime flourishes, they are completely out of the drug business on all distribution levels. Where they remain active, the top figures strive, quite successfully at times, to withdraw behind several layers of insulation, protecting themselves from detection.

Our most successful thrusts behind these layers of insulation have been our utilization of the conspiracy statutes which make it possible to gain convictions even though the violator never touches the narcotics. We also have had excellent results with the use of the undercover technique, whereby narcotic agents actually penetrate the organization. It must be admitted, however, this type of investigation has its limitations for this reason. Bona fide members of the organization gain the confidence of the leaders and rise in stature in the group by performing criminal acts. Naturally, the undercover narcotic agent cannot do this and therefore can go only so far into the organization's structure.

Nevertheless, I believe it can be stated without fear of contradiction that this Bureau, over the years, has been responsible for the apprehension and conviction of more top-echelon members of organized crime than any other agency.

At this point, Mr. Chairman, I would like to offer for the record a list of organized crime figures and associates that have been apprehended through the efforts of this Bureau since 1951.

Mr. FASCELL. Without objection that list will be included in the record at this point.

Mr. ENRIGHT. Thank you, sir.

(The document referred to follows:)

JUNE 1967.

Attached is a list of high-echelon narcotic traffickers who have been apprehended from 1951 through 1966 as a direct result of investigations conducted by agents of the Federal Bureau of Narcotics. A brief résumé of the criminal background and activity of each violator is included. It does not include a score of major traffickers apprehended in Europe, the Near East, and Asia.

Accardo, Settimo, Bloomfield, N.J.: Accardo, as a result of an undercover investigation initiated by agents of the Bureau of Narcotics, was arrested on August 3, 1955, at Newark, N.J., for violation of the Federal narcotic laws. He was arraigned at Federal court, New York, and subsequently jumped \$92,500 total bond and fled to Italy. Accardo controlled rackets in northern New Jersey and was a leader of organized crime in this area. He is familiar with every major racketeer throughout the United States and Canada. Following his flight to Italy, he established himself in the organized criminal element and reorganized a smuggling ring which brought heroin from Italy to Canada. He traveled to Toronto for the purpose of supervising this operation. Upon the implication of his associates Vito and Albert Agueci and John Papalia in the narcotic investigations at Toronto, Accardo was extradited from Italy on November 12, 1963, and is now serving a 15-year sentence in a Federal penitentiary.

Agueci, Albert (deceased), Toronto, Canada. Agueci, Vito, Toronto, Canada: The Agueci brothers emigrated from Sicily to Canada during the early 1950's. They were part of the underworld organization that set up outlets for heroin smuggled into Canada from Italy. In Toronto they operated a bakery as a front.

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Following their implication in the Federal narcotic conspiracy case at New York City during November 1961, Albert Agueci was found murdered at Rochester, N.Y. He had been brutally beaten, strangled, and burned with his hands tied behind his back. During February 1962, Vito Agueci stood trial and was convicted in the southern district of New York and sentenced to 15 years in prison.

Aiken, Leonard, New York, N.Y.: On December 18, 1964, a Federal grand jury in the southern district of New York returned a nine-count indictment against Aiken and several members of the criminal organization in New York City. He and that group were responsible for large quantities of heroin being distributed in the Harlem section for over 10 years. After being convicted in Federal court, Aiken was sentenced to serve 25 years in a Federal penitentiary and pay a fine of \$20,000.

Amato, Angelo, Cleveland, Ohio: In 1952 Amato was sentenced to 5 years imprisonment for violation of the Federal narcotic laws. He was one of the main outlets of heroin in Cleveland, Ohio. As a member of the underworld, he obtained large quantities of heroin for distribution in Ohio from his organization's sources in New York. He was equally active in other aspects of organized crime in his area before his imprisonment. His criminal record dates back to 1936.

Angelet, Anthony, New York City, N.Y.: Anthony Angelet with his brother William had a tight control over the criminal activities of Spanish-speaking Harlem of New York. They obtained this criminal control through violence and intimidation. During April of 1956, Angelet was sentenced to 5 years by a Federal court in New York City for assaulting a Federal narcotic agent. Among his associates are numbered the most important sources of South American cocaine. His criminal record dates back to 1934.

Armone, Joseph, Brooklyn, N.Y.: Joseph Armone was associated with deceased Lower East Side underworld leader Joseph Blondo. Armone, his brother Steve Armone, and the late Charles "Lucky" Luciano were major sources of heroin in New York City. Armone acted as enforcer for the Blondo criminal organization which was involved in a multitude of organized crime activities. His criminal record dates back to 1933. In 1956 he became a fugitive in a Federal narcotic case. After he was apprehended he was tried, convicted, and sentenced to serve 5 years in prison. After his release he returned to organized crime, and became involved in a heroin smuggling conspiracy with Vincent Pacelli, Steve Gram-maui, Nicholas Viscardi, Frank Viscardi, Carmine Guanti, and Alexaminder Schoenfeld. This group was supplied with heroin by the Aranci brothers and the Le Coat organization in Marseille, France. They obtained their supply by use of seamen couriers and airline stewards. During the period 1956 to 1960, they allegedly smuggled approximately 1,000 kilograms of heroin into the United States. On June 22, 1965, in a Federal court at New York City, Joseph Armone was found guilty of participation in this conspiracy and subsequently sentenced to serve 15 years in a Federal penitentiary and pay a fine of \$20,000. The Aranci brothers and other members of the Le Coat organization were subsequently arrested by the French police.

Balistreri, Mario, Santa Clara, Calif.: On September 4, 1953, Balistreri was sentenced to 8 years in the Federal penitentiary for violation of the Federal narcotic laws and the terms of his parole. Balistreri has a total of three Federal narcotic convictions. He is an important member of the underworld operating in both southern California and Kansas City, Mo. areas. He is known to major narcotic traffickers throughout the United States and is also an important counterfeiting suspect. He has a very lengthy criminal record.

Behrman, Nathan, New York City, N.Y.: Behrman was sentenced on March 15 1956, to 19-20 years by the State court of New York for violation of the narcotics laws. Behrman was part of a narcotic smuggling organization financed by Harry Stromberg with outlets in the major cities on the eastern seaboard and the Midwest. This organization was equally active in other activities, including counterfeiting, gambling, and extortion. His criminal record dates back to 1938.

Bellanca, Sebastiano, New York City, N.Y.: During 1939, Bellanca was convicted of violation of the Federal narcotic laws at New York City. During the postwar years he was a partner of Frank Scalici and Giacomo Scarpulla in control of the underworld activities in the Bronx. He was active in racket unions and claimed to be a business agent for the Teamsters Union in northern New Jersey. Bellanca was closely associated with the Accardo organization and had sources of supply in Italy. The criminal group he represented was equally in-

volved in the traffic of counterfeit currency, bootleg alcohol, smuggled gold, stolen merchandise, and many other criminal ventures. In pursuance of these illegal enterprises, he traveled to Canada, Mexico, France, Italy, and Germany. Following his sale of heroin to an undercover narcotic agent during 1954, he was arrested for violation of the Federal narcotic laws at New York City and subsequently jumped a \$20,000 bond. He has since been a fugitive. Information from underworld sources has it that he has been murdered. His partner, Bronx underworld leader Frank Scalici, was murdered by gunfire in the Bronx in 1957. Bellanca's criminal record dates back prior to World War II, shortly after he emigrated to the United States.

Benichou, Jean Claude, France, Canada, and United States: Benichou is head of a group of smugglers who imported heroin into Canada and the United States for distribution to members of organized crime. Two couriers, Josephine Noelle Kontoudenas and Marcelous Francois Frontier, both French nationals, were arrested during May 1967 as they attempted to smuggle 6 kilograms of heroin into Canada for Benichou. Benichou is presently being sought.

Biase, Anthony, Omaha, Nebr.: Biase has been closely associated with notorious criminals throughout the Midwest in the distribution of illicit heroin to wholesalers in that area. Part of the organized underworld fraternity, he is known to have sources of heroin in New York City, Chicago, and Kansas City. Following the burglary of a wholesale drug firm at Council Bluffs, Iowa, during 1959, a Bureau of Narcotics undercover agent purchased a substantial quantity of the burglarized drugs from Biase. The agent was introduced to him by one Kenneth Sheetz of Kansas City, who later became a Government witness. During June of 1960, Sheetz, upon returning to his home in Kansas City, found Felix Ferina and Anthony Cardarella in his living room with drawn revolvers. He was shot and left for dead by his assailants. Sheetz, however, survived and in July of that year Ferina, Cardarella, Carleton A. Young, and Anthony Biase were indicted by a Federal grand jury in Kansas City on charges growing out of the assault on Sheetz. Carleton A. Young is a labor union official in that city. Biase is one of four notorious brothers who operate a wide assortment of criminal ventures in Omaha, Nebr. During December of 1960, Anthony Biase was sentenced to 15 years' imprisonment following his conviction on a Federal narcotic case. His criminal record indicates his involvement in burglary, theft, as well as numerous arrests for bookmaking.

Blaustein, Bernard, alias Bernie Barton, New York City, Los Angeles, Calif., and Miami, Fla.: Blaustein is associated with top union racketeering figures and those controlling jukebox distribution. Among his intimate associates are Milton Holt and Charles Bernoff. He is equally involved in organized gambling activities and a leading figure among an underworld fraternity. During 1955, he was convicted in Federal court in New York on a charge of violation of the Federal narcotic laws and sentenced to 3 years' imprisonment. His criminal record dates back to 1938.

Bruno, Joseph, Chicago, Ill.: An important figure in the organized criminal element of Chicago. In June 1958, he was convicted in Federal court in Chicago on a charge of violation of the Federal narcotic laws and sentenced to 8 years. For many years he had been involved in the distribution of bootleg alcohol and narcotics to large-scale Negro peddlers in the South Side of Chicago. He has four prior convictions for violation of the Internal revenue laws (alcohol).

Bucelli, John (deceased), Boston, Mass.: Bucelli, a member of an underworld organization involved in large-scale distribution of narcotic drugs, was a leading Boston racketeer who controlled the waterfront in that city through his influence in the longshore unions. He was implicated in the Brink's robbery and was convicted for possession of \$50,000 of the stolen money. During April 1958, he was sentenced to 5 years' imprisonment for his part in the conspiracy case involving Harry Stromberg, Saul Gelb, et al. Prior to his serving the sentence, he was murdered by gunfire at Boston.

Buila, Angelo, New York City, N.Y. Buila, Matildo, New York City, N.Y.: The Buila brothers were members of the organization of Settimo Accardo specializing in large-scale distribution of heroin. Both have had at least two prior convictions for violation of Federal narcotic laws. As part of the criminal organization controlled by Accardo, they were equally active in other criminal ventures engaged in by this group.

Campisi, Charles, Newark, N.J., and Miami, Fla. Campisi, Thomas, Newark, N.J., and Miami, Fla.: Both leading members of Settimo Accardo organization which controlled the underworld in the northern New Jersey area. Both are

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known to have been active in organized gambling activities distribution of bootleg alcohol, and the enforcement of underworld agreements through violence and intimidation. During November 1956, Thomas Campisi was sentenced to 8 years at New York for violation of the Federal narcotic laws. Charles Campisi was sentenced in Brooklyn during April 1960 to 5 years after being a fugitive for several years.

Carmanati, Anthony, Bronx, N.Y.: An important member of the Bronx underworld organization, his earliest record dates back to 1931. He was involved in various organized criminal ventures of the Scalice organization. During February 1957 he was sentenced to 10 years in New York for violation of the Federal narcotic laws.

Caruso, Frank, alias Frankie the Bug, New York City, N.Y.: One of the ranking members of the underworld organization formerly headed by Anthony Strollo, alias Tony Bender, Caruso, with Vincent Mauro and Salvatore Maneri, was involved in the large-scale distribution of heroin smuggled into the United States from his associates among the organized underworld element in Italy and Canada. Caruso was an equal partner with Maneri and Mauro. As leading members of the Strollo organization, they were involved in the multiple illicit activities in which this criminal organization specialized. As a result of an investigation conducted by the Federal Bureau of Narcotics, Caruso was implicated in the conspiracy case at the southern district of New York. Following his arrest, he joined Maneri and Mauro in jumping bail, obtained a fraudulently executed Canadian passport, and used this document to escape to Spain. There Caruso was in contact with Charles "Lucky" Luciano, through an emissary of the latter, who traveled between Spain and Italy. Following many months of investigation by the Bureau of Narcotics, Caruso, Mauro, and Maneri were located in Spain and through the cooperation of Interpol and the Spanish authorities, they were apprehended. The three were extradited, faced trial and were convicted on March 11, 1963. Each was sentenced to 15 years' imprisonment in the southern district court in New York for violation of the Federal narcotic laws and 5 years for bail jumping to run concurrent to the 15.

Casella, Peter, Philadelphia, Pa.: Casella was one of the principal figures in controlling crime in the Philadelphia, Pa., and Camden, N.J., areas. Following the death of Marco Reginelli, he assumed the leadership of the criminal organization headed by the latter. As a result of an undercover investigation conducted by agents of the Bureau of Narcotics, Casella was implicated in a case involving distribution of large quantities of heroin smuggled into the United States by his associates, Vincent Todaro and Joseph Lo Piccolo. For the part played as one of the principals in this case, Casella was sentenced during July 1958 by a Federal court at New York City to serve 40 years in prison. His criminal record dates back to 1927 and includes entries reflecting arrests for larceny, illegal lottery, and homicide.

Chalupowitz, Abraham, alias Abraham Chapman, San Francisco, Calif.: Until his conviction on a charge of violating the Federal narcotic law in August 1951 at San Francisco, at which time he was sentenced to 15 years' imprisonment as a result of an undercover investigation conducted by agents of the Bureau of Narcotics, Chalupowitz was an important figure in organized criminal activities throughout the United States. He had been sentenced in Chicago, New Orleans, Fort Worth, and San Francisco separately for violation of the Federal narcotic laws.

Christie, George, New York City, N.Y.: Christie has long been known by the FBI and the New York police department as one of the most important receivers of stolen furs and jewelry in that city. His legal interests included ownership of 12½ percent of the Jewelry Exchange of New York City. In spite of extensive efforts to implicate him in such crimes, Christie had never been arrested until an investigation by the Bureau of Narcotics resulted in implicating him as a man who conceived of and financed a scheme to illicitly manufacture and distribute Amidone, a synthetic narcotic drug. His partner in this venture was Morris Potnick and the two were equally involved in criminal activities related to organized prostitution, as well as criminal receiving and trafficking of narcotic drugs. During June 1958 he was sentenced in New York to 3 years in prison for violation of the Federal narcotic laws.

Cinquegrana, Benedetto, New York City, N.Y.: An important member of the underworld organization operating in the lower East Side area of New York City. During May 1956 he was sentenced to 2½ years in prison to be followed by 5 years' probation, for violation of the Federal narcotic laws. He has been

equally active in bookmaking activities and his arrest record reflects the latter as well as entries for robbery.

Condi, Joseph Dominic, Chicago, Ill.: An important member of the organized criminal element, he has been active in criminal activities in both New York City and Chicago, Ill. In January of 1955 he was sentenced to 10 years at Chicago, Ill., for violation of the Federal narcotic laws. His criminal records dates back to 1919 and reflects entries for burglary, robbery, and safeblowing.

Cotroni, Giuseppe, Montreal, Canada: With his brother Vincent, Giuseppe Cotroni has been for many years a leading figure in the organized underworld operating in Montreal, Canada. The criminal organization he and his brother head is responsible for the burglary of securities from several Canadian banks in amounts totaling approximately \$12 million. Operating in conjunction with the criminal organization headed by Carmine Galante and Joseph Bonanno, this group trafficked securities they obtained through the burglary of these banks. Their organization instituted labor racketeering in Montreal and controlled both organized prostitution and gambling in that city as well. In addition they have been equally active in the sale and promotion of worthless securities. Since the early 1950's the Cotroni group supplied a substantial portion of the heroin distributed in the United States, receiving the drug from their sources in France. As a result of an undercover investigation initiated by the Bureau of Narcotics, Giuseppe Cotroni was arrested during August 1959 at Montreal, Canada, and subsequently stood trial and was sentenced to serve a 10-year term by a Canadian court.

Coudert, Roger, Paris, France: Coudert was known to the French police as a member of the Paris underworld. In furtherance of various illegal enterprises, Coudert traveled to Mexico, Canada, and the United States, under a fraudulently executed Canadian passport. During this period, he was active in both the traffic of illegal narcotics and organized prostitution. As a result of an undercover investigation initiated by the Bureau of Narcotics, he was apprehended during 1953 and subsequently sentenced to 10 years' imprisonment by a Federal court in New York City. Following the expiration of his sentence, he was deported to France.

Curcio, Charles, New York City, N.Y.: Curcio for many years has been active in organized underworld ventures in partnership with Frank Borelli. He and Borelli supplied traffickers in Chicago, Detroit, and Cleveland with large quantities of narcotic drugs. Borelli was arrested in 1948 for violation of the Federal narcotic laws but he succeeded in convincing the district court judge that he was addicted (although he was not an addict) and consequently received a 2-year probationary term with provision that he undertake a cure at the public health hospital located in Lexington, Ky. Borelli was admitted to Lexington during January of 1949 and released in July of the same year. During the period of 1950-52 Curcio, along with Borelli, Benjamin and Joseph Licchi, his two uncles, and Dr. John E. Jackson, an underworld chemist, assembled and operated a laboratory in northern New Jersey for the purpose of manufacturing Methadone. Investigation by the Bureau of Narcotics resulted in the location of this laboratory and the obtaining of testimony from Dr. Jackson against Curcio and his associates. Curcio and the Licchi brothers were arrested and convicted in New Jersey State court, Bergen County and received substantial prison terms. Borelli, however, fled to Chicago and through a series of legal maneuvers was able to avoid extradition until February 1959, at which time he was ordered to be returned to New Jersey. Shortly after Borelli's return to New Jersey, the essential State witness in the case against him, Dr. Jackson, age 72, was murdered at his home in the Bronx.

Derose, Theodore, Chicago, Ill.: On October 29, 1963, a Federal grand jury in Chicago, Ill. returned indictments against 41 members of a Chicago organized crime group which was reportedly responsible for the control of 80 percent of the illicit narcotic traffic in that city. In addition to Derose, Americo Di Pietto, Angelo Passinni, Joseph Battiato, Michael Demaro and Frank Carriscia were named and indicted. On October 25, 1963, while conducting surveillance in this investigation, narcotic agents observed Nolan Mack, a distributor of heroin and a vicious criminal receive a quantity of heroin from Joseph Battiato. Mack recognized the agents and attempted to flee in his automobile. During his flight at high speed, Mack crashed into a light pole. After emerging from his automobile, Mack began firing at the agent with a pistol, wounding him severely. The agent returned fire with two shots which struck Mack and caused his death. Nearly all of the defendants in this conspiracy were members of the criminal organiza-

tion headed by the infamous Sam Giancana. Prosecution of the case was successful and all convicted received substantial sentences in the Federal penitentiary.

Dichiarente, Anthony Joseph, Chicago, Ill.: One of the more important members of organized crime in the Chicago area, with contacts in New York for large quantities of heroin. His criminal record dates back to 1939 with felony convictions for robbery and theft from interstate shipment. In August 1959, Dichiarente became involved in a narcotic case in Chicago, Ill., along with Spartico Mastro and Salvatore Pisano and in November 1965, Dichiarente was sentenced to 20 years' imprisonment.

Di Palermo, Joseph, New York City, N.Y.: A leading member of the underworld organization of New York, he is closely associated with Carmine Galante and has acted as an underworld "enforcer." He has participated in the criminal activities of this organization throughout the eastern seaboard, Cuba, Canada, and in the past has made trips to Italy in furtherance of organized racketeering activities. When Carmine Galante was apprehended in Binghamton, New York, in the company of Joseph Barbara, Frank Garafolo and Joseph Bonanno, Galante attempted to conceal his identity by maintaining he was Joseph Di Palermo and used the latter's driver's license for that purpose. Di Palermo and Carmine Galante were jointly suspected of the 1943 murder in New York City of Carlo Tresca, an Italian language newspaper publisher. During April 1959 Di Palermo was sentenced to 15 years by a Federal court in New York City for violation of the Federal narcotic laws. His criminal record dates back to 1925 and reflects various entries for homicide, conviction for both the Federal liquor laws and counterfeiting violations. He is described by underworld sources as a murderer.

Di Pietro, Carlo, New York City, N.Y.: An important member of the underworld organization operated by Carmine Galante at New York, Di Pietro has been equally active in organized gambling activities and interstate theft. He has the reputation of enforcing underworld agreements through intimidation and violence. During May 1960, he was arrested in New York City and subsequently stood trial on charge of conspiracy to violate the Federal narcotic laws. In July 1962, Di Pietro was sentenced to 20 years by a Federal court in New York. His criminal record dates back to 1936 and reflects entries for criminal entry and criminal receiving of stolen goods.

Di Pietto, Americo, Chicago, Ill.: Di Pietto headed a group of traffickers in Chicago that was responsible since 1960 for the distribution of at least 80 percent of the heroin in that area. During June 1964, Di Pietto, Michael De Maro and Charles Cole, the most important members of this group, were each sentenced to 20 years' imprisonment. Other defendants involved in this case received terms of imprisonment ranging from 5 to 10 years.

Frank Dio Guardi, France, New York, Miami, Fla.: For several months prior to December 1965, U.S. narcotic agents and the French Surete Nationale developed information of an international organization which was alleged to be involved in the smuggling of heroin into the United States. Extensive investigation was established in France and the United States. Several persons suspected of being involved in the smuggling venture were placed under constant surveillance. The trail of the suspects led to Columbus, Ga., where additional suspects were identified and included in the surveillance. Observations and information gleaned during the investigation revealed the location of a large cache of heroin which had been smuggled into the United States from France in the household effects of Herman Conder, a chief warrant officer in the U.S. Army. On December 20, 1965, narcotic agents assisted by Customs agents and local police in Columbus, Ga., arrested Conder and seized 95 kilograms of heroin. Subsequent investigation revealed that this heroin was consigned to Frank Dio Guardi, a powerful member of organized crime in the Miami area, who was also deeply involved in labor union rackets. Dio Guardi was subsequently arrested as was Samuel Desist, a retired Army officer, Anthony Sutera, an associate of Dio Guardi's, Louis Jacques Douheret and Jean Nebbia, French nationals. All have been tried, convicted and sentenced to substantial terms in a Federal penitentiary. The French authorities continue their investigation of the source of the heroin seized.

Durso, Thomas, Chicago, Ill.: Durso was a Chicago police officer who was assisted in his illicit narcotic dealings by a well-known hoodlum gunman, Michael Gargano. An attempted undercover investigation of Durso and Gargano was aborted when Durso learned of the informant's intentions and brutally murdered the informant, disposing of the body in the Des Plaines River. Following exhaustive investigations, Durso and Gargano were indicted by a Federal grand jury for narcotic violations and by the Cook County grand jury for

murder, and were subsequently convicted of the murder charge on October 28, 1964. While awaiting sentencing, Durso and eight other inmates, including six convicted murderers, attempted to escape from prison but were unsuccessful. Durso was identified as the leader of the plot. In November 1964, Durso and Gargano were sentenced to identical terms of 100 to 150 years' imprisonment.

Evola, Natale, New York City, N.Y.: Evola is highly placed in the organized underworld. He attended the Apalachin meeting of 1957. Evola has long been known to enforcement authorities as an important figure in labor racketeering activities in the New York garment center. His criminal record dated back to 1930 and includes entries for coercion and illegal possession of firearms. As a result of an extensive investigation conducted by agents of the Bureau of Narcotics, Evola was implicated and charged in a case involving conspiracy to violate the Federal narcotic laws. Following his trial at the southern district of New York, he was sentenced during April 1959 to 10 years' imprisonment.

Fuca, Anthony, New York City, N.Y.: On January 13, 1962, in Brooklyn, N.Y., agents of our New York office, working with New York City police, arrested Joseph Fuca, Anthony Fuca, Pasquale Fuca, Barbara Fuca, Francois Scaglia, and Nicholas Trovato and seized from them 11 kilograms, 91 grams of heroin. Anthony Fuca was released on bail to await trial. On February 24, 1962, Anthony Fuca was arrested in the Bronx, New York, in possession of 33 kilograms of heroin. During this investigation it was learned that the heroin, secreted in a trap specially built into an automobile belonging to Jacques Angelvin, a French citizen, had been transported from Le Havre, France, aboard the SS *United States* which had arrived in New York on January 10, 1962.

Galante, Carmine, New York, N.Y.: He has long been known as one of the most ruthless underworld leaders in the United States. Prior to his expulsion by Canadian authorities in 1956, Galante organized the underworld activities in Montreal and was largely responsible for the powerful criminal organization which has remained to date. He is suspected of having committed the murder of Carlo Tresca in New York during 1943. During 1956, following the meeting he had with underworld leaders Joseph Bonanno, Frank Garafolo, and Joseph Barbara, Galante was arrested by the New York State police for a motor vehicle violation. He was sentenced to serve 1 month in prison and during this period there were numerous attempts on the part of various influential persons to intercede on his behalf. Immediately prior to the Apalachin meeting of 1957, Galante had appeared at Palermo, Sicily, with underworld leaders Joseph Bonanno and John Bonventre, and it is believed that the meeting set the pattern of topics to be discussed at the Apalachin meeting which followed immediately afterward. He was sought for questioning with regard to the Apalachin meeting of 1957. Following an investigation by agents of the Bureau of Narcotics, Galante was subsequently implicated and charged with conspiracy to violate the Federal narcotic laws. In spite of an intensive search by several law enforcement agencies, Galante remained a fugitive until June 1959, when he was apprehended by agents of the Bureau of Narcotics at a hideout in southern New Jersey. During July 1962, Galante was sentenced by a Federal court in New York City to 20 years for conspiracy to violate the Federal narcotic laws.

Gelb, Saul, New York City, N. Y.: Gelb has long been known as one of the leaders of the underworld element of New York specializing in the smuggling and distribution of narcotic drugs as well as the large-scale theft and transfer of stolen securities. Prior to World War II Gelb headed a syndicate which was engaged in the smuggling of narcotics between Europe, the Far East, South America, and the United States on a large scale. This group distributed these drugs throughout the United States. His criminal record dates back to 1913 when he was charged at New York, N.Y. as a juvenile delinquent for shooting at a man. During May 1956 he was sentenced to 5 years by a Federal court at New York City for conspiracy to violate the Federal narcotic laws, as a result of an investigation conducted by the Federal Bureau of Narcotics.

Genovese, Vito, New York City, N.Y. and Atlantic Highlands, N.J.: Well known as one of the most important leaders of organized crime in the United States, Genovese attended the Apalachin meeting of 1957. In recent years he succeeded in accumulating considerable wealth and influence as a result of his position in the underworld. While the organization he headed was active in many diverse criminal enterprises, Genovese operated free of detection until, as a result of an investigation conducted by the Bureau of Narcotics, he was implicated in a conspiracy case in New York. In April of 1959, he was sentenced to 15 years by a Federal court at New York City following his trial in this case.

Gernie, Joseph, New York City: An "enforcer" for the criminal organization formerly headed by Anthony Strollo alias Tony Bender. Gernie came into prominence during the early 1950's when Strollo's organization attempted to take control of the waterfront unions at the Claremont Pier Terminal, New Jersey. He, with Pasquale Pagano, resorted to physical violence in order to bring the union members in line. He is known as a professional strong-arm man and murderer. As a result of an undercover investigation conducted by the Federal Bureau of Narcotics, Joseph Gernie, during 1957, was sentenced to serve 10 years by a Federal court in New York City for violation of the Federal narcotics laws.

Giannini, Eugene, New York, N.Y.: Eugene Giannini was long known as a highly placed member of the organized New York underworld element specializing in the traffic of narcotics and counterfeit currency. As a result of an investigation conducted by the Bureau of Narcotics, Giannini and his group made the mistake of selecting an undercover narcotic agent to act as their courier to Italy and, in furtherance of large scale narcotic transactions, Giannini and his associates furnished the undercover agent with sealed instructions and provided him with round-trip transportation. Shortly after his arrest in this case, Giannini was murdered at New York City while under proceedings in Federal court on this and other charges.

Gigante, Vincent, New York City, N.Y.: A strong-arm man and suspected killer for the Vito Genovese organization. During 1957 Gigante was the prime suspect in the attempted murder of Frank Costello at New York City. He is a former professional boxer. As a result of an investigation conducted by the Federal Bureau of Narcotics, Gigante was charged with conspiracy to violate the Federal narcotic laws at New York and during April 1959, following his trial, was sentenced to 7 years on this charge.

Giglio, Salvatore, New York City, N.Y.: A close criminal associate of Carmine Galante, Giglio represented the New York underworld's interests in Montreal following Galante's expulsion from Canada. During 1956, as a result of an investigation conducted by the Federal Bureau of Narcotics, Giglio was indicted on the charge of conspiracy to violate the Federal narcotic laws along with Carmine Galante, John Ormento and others. Since that time Giglio has been sought but never found, to date. Underworld sources indicate that he may have been murdered. His criminal record dates back to 1937 and includes a conviction for violation of the Federal narcotic laws.

Giordanello, Vito, Houston, Tex.: An important member of the underworld organization operating throughout the Southwest, Giordanello was particularly active in New Orleans, La., Houston and Beaumont, Tex. He secured heroin from sources in Chicago and New York and distributed the drug into the interstate traffic throughout the Southwest. As a result of an investigation conducted by agents of the Bureau of Narcotics, Vito Giordanello was charged and convicted for violation of the Federal narcotic laws and sentenced to 10 years in prison during December 1956 by a Federal court in Dallas, Tex. His source of supply, Benjamin Indiviglio of New York, was sentenced to 4 years by the same court. Giordanello's criminal record dates back to 1941 and includes other convictions for violating the Federal narcotic laws. As a member of the organized underworld, he has been equally active in other illicit ventures controlled by this group.

Harrison, St. Julian, New York City, N.Y.: Harrison headed an organization which purchased large quantities of heroin for adulteration and retail packaging on an assembly line basis for local and interstate distribution. During August 1966 a complete assembly line plant operated by this group was discovered and 4 ounces of heroin were seized. A similar operation was uncovered later that month, nine workers were arrested, and over 7 kilograms of heroin were seized as was the adulterating and packaging equipment. At the time of his arrest, Harrison offered the arresting agents a \$100,000 bribe for which offense he was additionally charged.

Impastato, Nicolo, deported to Italy: A high-ranking member of the organized underworld which controlled criminal activities in Kansas City, Impastato was known to maintain discipline within the Kansas City underworld through use of violence. He was actively engaged in the multiple illicit ventures operated by this organization. Following an investigation conducted by the Bureau of Narcotics, he was convicted on a charge of violation of the Federal narcotic laws and during 1955 deported to Mexico and from that country to Italy in the same year. His criminal record in Italy dates back to the 1920's and includes entries for homicide and attempted murder.

Isabella, Florio, New York, N.Y.: An important member of the underworld element operating on the Lower East Side of New York, he has been equally

active in organized gambling and shylocking, interstate theft, criminal receiving of stolen goods, and counterfeiting violations. Following an investigation conducted by the Federal Bureau of Narcotics, Isabella in May 1957 was sentenced to 15 years for violation of the Federal narcotic laws. His criminal record dates back to 1932 and includes entries for hijacking, interstate theft, counterfeiting, and criminal receiving.

Landers, Clifford, Atlanta, Ga.: An important member of the organized criminal element operating out of Atlanta, Ga., he is equally active in organized prostitution and crimes arising out of interstate theft. Landers secured sources of supply from major traffickers operating out of the Lower East Side of New York. As a result of an investigation conducted by the Federal Bureau of Narcotics, he was arrested, tried, and found guilty in Federal court at Atlanta and during January 1957 was sentenced to 2 years in prison for violation of the Federal narcotic laws. In March 1966, Landers received a 10-year term in another narcotic case. Landers' criminal record dates back to 1928 and includes entries for highway robbery, assault and battery, violation of the Mann Act, and rape.

Lapi, Joseph, New York, N.Y.: During 1962 and 1963 narcotic agents in New York City and officers of the New York City Police Department narcotic squad revealed a heroin distribution conspiracy controlled by Lapi and participated in by Anthony Michael Cutillo and Alvin Beigel. On March 22, 1963, the agents and police officers seized approximately 5½ kilograms of heroin in the apartment of Alvin Beigel, where he was arrested. Seized also was a large quantity of cutting and packaging paraphernalia which had been used to prepare the heroin for addict distribution. Lapi is an important member of organized crime in New York City and has been involved in varied criminal activities. He and his associates were successfully prosecuted in the above case and are sentenced to substantial prison terms.

Lessa, Daniel, New York City, N.Y.: An important member of the organized crime element out of East Harlem, New York, Lessa is suspected of engaging in labor union racketeering activities and the bringing about labor agreements through violence and intimidation. Following investigation by the Federal Bureau of Narcotics, Lessa was implicated, stood trial and was sentenced to 5 years' imprisonment during April 1958 for conspiracy to violate the Federal narcotic laws. His criminal record dates back to 1935. He is also well-known in both the Los Angeles Police Department and the Los Angeles County sheriff's office.

Lewis, Wesley, (deceased), Chicago, Ill.: An important member of the organized criminal element operating in the South Side of Chicago. He has been equally active in the criminal receiving and interstate shipment of stolen merchandise and gambling violations. As a result of an investigation conducted by the Federal Bureau of Narcotics, Lewis, during November 1957, was sentenced to 10 years in Chicago, Ill., for the violation of the Federal narcotic laws. His criminal record dates back to 1931 and includes entries for burglary and interstate shipment of stolen merchandise.

Locascio, Carmine, New York, N.Y.: After the arrest of Salvatore Rinaldo and Matteo Palmeri on October 20, 1960, in Westchester County, N.Y. and the seizure of 10 kilograms of heroin which was smuggled into the United States from the Caneba brothers in Italy, a conspiracy involving 20 members of the New York organized criminal element was developed and successfully prosecuted in the southern district of New York. Among the defendants in this conspiracy were Vincent Mauro, Frank Caruso, John Ormento, Carmine Galante, and others. As a result of information developed in this case, sufficient evidence was revealed for the initiation of a second conspiracy involving Carmine Locascio and 19 of his associates, among whom were such infamous organized criminals as Rosario and Joseph Mogavero, Angelo Loiacano, Charles Destefano, Frank Borelli, and others.

This group is known to have handled about 400 kilograms of heroin between January 1950 and August 1962. Their method of smuggling ranged from the use of unsuspecting immigrants into the United States to elaborate traps built in automobiles. This case was successfully prosecuted, however, and convictions were reversed as the result of court of appeals review.

Loiacano, Angelo, New York City, N.Y.: An important member of the organized criminal element operating in the Lower East Side and East Harlem areas of New York City, Loiacano was equally active in the organized gambling activities. As a result of an investigation conducted by the Federal Bureau of Narcotics, Loiacano was brought to trial on charges of conspiracy to violate

the Federal narcotic laws in Federal court in New York. During June 1962 he was sentenced to 20 years imprisonment on these charges.

Lo Piccolo, Joseph, Chicago, Ill., and Miami, Fla.: A partner of Vincent Todaro, Lo Piccolo was one of the leading members of an organization that smuggled large quantities of heroin into the United States and distributed this drug throughout organized underworld channels. Lo Piccolo was active in various criminal ventures at Chicago, Ill., Miami, Fla., Philadelphia, Pa., New York City, and Havana, Cuba. Long a leading member of the underworld, Lo Piccolo escaped detection until 1958 when an investigation conducted by the Federal Bureau of Narcotics implicated him as a major source of heroin. During August 1958, he was sentenced to 20 years in Federal court in New York on this charge.

Malizia, John, New York, N.Y.: An important member of the organized underworld element operating out of the eastern Harlem and Bronx areas of New York City, he, with his brother Joseph, are known as the "Pontiac" brothers. The two brothers have been equally involved in large-scale bookmaking activities. Following an undercover investigation during which an agent of the Bureau of Narcotics purchased evidence from both, the brothers were arrested and during November 1957 John and Joseph Malizia were sentenced to 9- and 7-year prison terms, respectively.

Maneri, Salvatore, deported to Italy (addicted): Maneri, prior to his deportation, was an important figure in the organized underworld element operating in the waterfront area of New York. His position as longshoreman helped him to further large-scale thefts from foreign shipments. Following his deportation to Italy, he became associated with Charles "Lucky" Luciano and actively engaged in the procuring of large quantities of heroin which he smuggled into the United States. He became well-known to the sources of supply in France and Italy and worked closely with the organized underworld's outlets of drugs in the United States. As a result of an investigation conducted by the Federal Bureau of Narcotics, Maneri was implicated in the conspiracy case at New York City. Following his arrest, he jumped bail and fled prosecution with fugitives Frank Caruso and Vincent Mauro. The three took refuge in Spain, using fraudulently executed Canadian passports. Following many months of investigation, the Bureau of Narcotics located him and other fugitives in that country and through the cooperation of Interpol succeeded in apprehending and successfully extraditing the three defendants. On March 11, 1963, Maneri was convicted and sentenced to 15 years by a Federal court in New York and 5 years for bail jumping to run concurrent to the 15. Maneri's criminal record dates back to 1929 and includes entries for burglary, grand larceny, illegal entry, violation of parole, possession of burglary tools, theft from interstate shipments, theft from foreign shipments and multiple convictions for illegal entry.

Marchese, Ignazio, Arsonia, Conn.: An important member of the organized criminal element out of Connecticut. He has been equally active in robbery and other crimes of violence. He is known to most of the major underworld figures in the East Harlem area of New York. Marchese is equally active in other organized criminal ventures such as gambling and interstate theft. During March 1958, agents of the Bureau of Narcotics made several undercover purchases of heroin from Marchese at his home in Connecticut. During September 1958, Marchese was sentenced to 7 years by a Federal court at New York for violation of the Federal narcotic laws. His criminal record dates back to 1930 and includes entries for carrying concealed weapons and robbery with violence.

Maresca, Raymond, New Haven, Conn. (addicted at arrest): For many years a leader of the organized underworld in the New England area, Maresca was active in masterminding thefts from interstate shipments, gambling operations, arson, and other assorted racketeering activities in this area. He was also responsible for the theft of firearms from manufacturers in Connecticut and their subsequent sale to underworld figures. In the course of an undercover investigation conducted by agents of the Bureau of Narcotics, several purchases of evidence were made from Maresca during 1952. On October 17, 1952, he was sentenced to 8 years by a Federal court at New Haven, Conn., for violation of the Federal narcotic laws. His criminal record dates back to 1933 and includes entries for burglary and carrying concealed weapons.

Martello, Nicholas, New York City, N.Y.: A leading member of the organized underworld element operating out of the Lower East Side of New York, Martello was equally active in the distribution of bootleg alcohol, gambling violations, and extortion. Following an undercover investigation conducted by the agents of the Federal Bureau of Narcotics which implicated Martello, the latter was arrested on October 15, 1958, for conspiracy to violate the Federal narcotic laws.

Since that time he has disappeared and it is suspected that he has been murdered. Martello's criminal record dates back to 1926 and includes entries for rape, assault, robbery, grand larceny, extortion, violation of national firearms act, and violation of liquor laws.

Matthews, Earl, Chicago, Ill.: On March 5, 1967, narcotic agents at Chicago, Ill., arrested Earl Matthews and Louis Pearman as they were delivering approximately 5¼ kilograms of heroin to James Luddie Oliver, Nathaniel Westbrook, Boyse Stephens, and Willard Evans.

Matthews is a trusted lieutenant in the Auckland Holmes criminal organization furnishing heroin to the Chicago traffic. This organization has flourished in Chicago over many years of operation.

Mauro, Vincent, New York City, N.Y.: A high-ranking member of the criminal organization formerly controlled by Anthony Strollo and Tony Bender. In pursuance of the activities this organization engaged in, Mauro participated equally in operating their gambling and shylocking interests and in the operation of hoodlum controlled nightclubs. As a result of the investigation conducted by the Federal Bureau of Narcotics, Mauro was implicated in a narcotic conspiracy case. Following his arrest during May 1961, Mauro with Caruso and Maneri jumped bail and fled to Spain using fraudulent Canadian passports. Intensive investigation conducted by the Federal Bureau of Narcotics resulted in the location of the three fugitives and, through the cooperation of Interpol and the Spanish Police, these defendants were extradited to the United States where they subsequently stood trial. On March 11, 1963, they were convicted and sentenced to 15 years by a Federal court in New York and 5 years for bail jumping to run concurrent to the 15.

Mazzie, Rocco, New York City, N.Y.: An important member of the organized underworld element operating out of East Harlem, Bronx, and Westchester, N.Y. He is known as an "enforcer" and has been used to control dissident underworld segments by means of violence and intimidation. For years he has been a major source of heroin for outlets in Cleveland, Ohio, and Chicago, Ill. Following an investigation conducted by the Bureau of Narcotics, Mazzie was implicated in a conspiracy case and, during April 1959, was sentenced to 12 years for his participation in the illegal traffic. His criminal record dates back to 1934 and reflects entries for robbery, and assault and robbery.

Meltzer, Harold, Los Angeles, Calif., Mexico City, Mexico, and New York City, N.Y.: Meltzer now is reported to operate large bookmaking and prostitution syndicates in California. A major figure in the organized underworld in California and Mexico, he is known to all the important narcotic traffickers throughout the United States. He has also operated in Oklahoma, Texas, Baltimore, Miami, Las Vegas, Boston, and various areas in Canada, Cuba, Hong Kong, Japan, Hawaii, and the Philippines. Meltzer is also associated with the more important labor organizers and has been involved in union racketeering activities. As a result of a lengthy investigation conducted by the Federal Bureau of Narcotics, Meltzer was implicated in a conspiracy case at the southern district of New York and in June of 1951 was sentenced to 5 years, upon his plea of guilty, on this charge.

Mirra, Anthony, New York, N.Y.: An important member of the organized underworld element operating out of the Lower East Side, Bronx, and Westchester areas of New York City. Mirra has been active in many aspects of organized criminal activities and has engaged in violence in pursuit of such crimes. As a result of a lengthy investigation conducted by the Bureau of Narcotics, Anthony Mirra was implicated and charged in a case involving conspiracy to violate the Federal narcotic laws. On September 4, 1957, Mirra was arrested and following his trial at the southern district of New York, during April 1958, he was sentenced to 3 years 6 months in this case. Continued investigation of another group of traffickers implicated Mirra in the second conspiracy case. In the course of the trial of this case in the southern district of New York Mirra was cited for contempt. During July of 1962 he was sentenced to 20 years for conspiracy to violate the Federal narcotic laws in the latter case and also received a 1-year sentence on the contempt charge to run concurrently.

Nobile, George, New York, N.Y.: His criminal record dates from 1937 and reflects entries for policy and conspiracy to obstruct justice. George Nobile is a trusted member of the underworld syndicate in the lower east side section of New York City from whom he has obtained large quantities of heroin for eventual distribution in interstate traffic. He has acted as an underworld chemist

in the conversion of narcotic drugs for the illicit market. He is suspected of having been active in counterfeiting, gambling, and the trafficking of illicit alcohol. Most recently he was associated with Vincent Todaro who was a principal in a narcotic organization which obtained vast quantity of heroin from French-Corsican sources in France and from important members of the Sicilian underworld.

Following an intensive undercover investigation by the Bureau of Narcotics during 1957 and 1958, Nobile and several other important violators were arrested in possession of narcotics which originated from French-Corsican and Sicilian underworld sources. Following trial in this case, he was sentenced on May 20, 1958, to 10 years' imprisonment in Virginia for violation of the Virginia State narcotic laws.

Orichiella, John, New York, N.Y.: A major trafficker of heroin in the New York area, Orichiella was arrested during May 1967 following the delivery of over a kilogram of heroin to Joseph Dominici, a previously convicted narcotic violator, and James B. Henry.

Orlando, Lorenzo, Elmhurst, Long Island, N.Y.: Orlando's criminal record dates to 1928 and includes entries for alcohol violations. In his early days, Orlando was a member of the underworld in Kansas City, Mo., where he engaged in multiple illicit activities, principally trafficking in alcohol. In recent years he was part of the Vincent Todaro-Joseph Lo Piccolo organization which obtained large quantities of heroin from French-Corsican and Sicilian traffickers and smuggled same into the United States for eventual distribution in interstate traffic. At the time of his arrest in 1958 by the Bureau of Narcotics in the extensive Todaro-Lo Piccolo narcotic conspiracy case, Orlando's home contained a large cache of 9 kilos of heroin which had been smuggled into the United States by the Todaro-Lo Piccolo organization. Orlando himself maintained close ties with leading underworld figures in Sicily. In 1958 he was sentenced (re: Todaro-Lo Piccolo case) to 17 years in Federal prison for violation of the Federal narcotic laws.

Ormento, John, Lido Beach, Long Island, N.Y.: For many years John Ormento was one of the most influential members of the notorious East 107th Street mob of the East Harlem area of New York City. This criminal organization soon developed into one of the most powerful syndicates in New York City and engaged in various illegal enterprises, including trafficking in narcotics and illicit alcohol, gambling, jukebox racket, extortion, labor racketeering, and shylocking. Ormento has been a trusted lieutenant in this gang, and, in addition to being active in gambling and allied illicit interests, specialized in distributing huge quantities of heroin in local and interstate commerce. He is acquainted with most of the leading racketeers in the United States. He attended the notorious Apalachin meeting on November 14, 1957. He was involved in recent years in the narcotic traffic with Vito Genovese and some of the latter's underlings and with members of the Joseph Cotronei organization of Montreal, Canada, which smuggled huge amounts of heroin into the United States. Ormento was a fugitive in the Vito Genovese case until he was apprehended by agents of the Bureau of Narcotics in 1959. During this time he was also being sought by other law enforcement agencies regarding his attendance at the Apalachin meeting. Ormento did not stand trial in the *Vito Genovese* case but subsequent to his apprehension he stood trial in the *Joseph Cotronei* conspiracy case. Following this trial, he was sentenced in U.S. district court, southern district of New York on July 10, 1962, to 40 years' imprisonment in Federal prison where he is currently incarcerated. His arrest record dates from 1937 and includes entries for bookmaking. His 1962 narcotic conviction, his latest, was his fourth narcotic conviction.

Pacelli, Vincent Joseph, New York, N.Y.: Pacelli, functioning under the direction of the notorious Joe Bendenelli, was a distributor of large quantities of heroin to the east and west coasts of the United States. During July 1965, Pacelli was convicted of conspiracy to smuggle approximately 1,000 kilograms of heroin into the United States between 1956 and 1960. While awaiting trial in this case, Pacelli, along with an attorney, Frances Kahn and her clerk, Israel Schwartzberg, were charged with tampering with a Government witness. Pacelli was sentenced to 18 years' imprisonment on the narcotic charge and an additional consecutive sentence of 2 years on the obstruction of justice charge. Miss Kahn and Schwartzberg were given respective terms of 2 years' imprisonment. Pacelli's criminal record dates back to 1940 and includes arrests for burglary and narcotic violations.

Pagano, Joseph, New York, N.Y.: His criminal record dates back to 1946 and includes entries for robbery, and assault and robbery. Pagano has been associated for many years with the Anthony Strollo criminal combine of New York City. About 15 years ago he was involved in strong-arm tactics in taking over operations at the Claremont Pier Terminal, New Jersey, for the Anthony Strollo organization. He was associated with racketeer Joseph Gernie of Harlem, New York City, in the local and interstate trafficking of narcotics. In 1955 he was sentenced to 7 years' imprisonment for violation of the Federal narcotic laws. In the latter case he was involved with a group of individuals engaged in distributing narcotics in local and interstate traffic. In recent years he was indicted in U.S. district court, southern district of New York, for conspiring to violate the Federal bankruptcy laws in that he and several other individuals had fraudulently transferred \$1.3 million in assets of a wholesale meat and poultry corporation. Pagano is now serving a 5-year prison term in this case.

Pagano, Pasquale, Bronx, N.Y.: His criminal record dates back to 1952 and includes entries for atrocious assault and battery, and attempt to bribe an Internal Revenue agent. Pasquale Pagano was active in the early 1950's in gambling and extortion activities. During this period he was involved in strong-arm tactics at the Claremont Pier Terminal, New Jersey, on behalf of the highly organized Anthony Strollo criminal group. Also, in the 1950's he was associated in international and interstate trafficking of narcotics with Joseph Valachi, Giacomo Reina and the late Eugene Giannini. Pagano traveled to France for this group and made arrangements with narcotic traffickers for huge quantities of heroin to be smuggled into the United States. Investigation by the Bureau of Narcotics eventually broke up this narcotic ring. The principals received substantial prison sentences. Pasquale Pagano was sentenced relative to this case on April 23, 1956, to 5 years in Federal prison to run concurrently with a 3-year sentence received in U.S. district court, southern district of New York for an attempt to bribe a Government officer.

Papalardo, Sylvester, Cleveland, Ohio: His criminal record dates from 1932 and includes entries for burglary, robbery, and homicide. He derives the major portion of his income from gambling and trafficking in narcotics. He has been associated for the past several years with leading Cleveland, Ohio, racketeers involved in interstate narcotic traffic with important New York City narcotic distributors. On August 14, 1953, he was sentenced to 15 years in Federal prison for violation of the Federal narcotic laws. In this case he was involved with defendants Angelo P. Lavelle, Frank Ciccarello and Raymond J. Lamarca whose operations were extensive and who supplied major narcotic dealers in the States of Michigan and Ohio.

Papalia, John, Toronto, Canada: His criminal record dates back to 1942 when he was arrested in Hamilton, Ontario, Canada, for assault and robbery. His subsequent arrests include violation of the Canadian Liquor Control Act, violation of the Canadian National Selective Civil Service Registration Act, burglary and entry, assault (bodily harm), violation of the narcotic laws of Canada, and violation of the narcotic laws of the United States. Papalia was associated in the narcotic traffic in Toronto, Canada with the Agueci brothers, Vito and Albert. These individuals furnished narcotic traffickers in the United States with vast quantities of heroin which was eventually distributed in interstate traffic. Papalia has engaged in multiple illicit activities in Canada including gambling, organized prostitution, and trafficking in illicit alcohol. On March 11, 1963, he was sentenced to 10 years' imprisonment for violation of the Federal narcotic laws. This conviction resulted from his involvement in the *Salvatore Rinaldo* conspiracy case which uncovered and broke up a vast conspiracy ring in the United States engaged in the smuggling of narcotics from Canada and Europe.

Pardo-Bolland, Salvador, Paris, Montreal, New York: After the arrest of Mauricio Rosal, a Guatemalan Ambassador to Belgium, in New York on October 2, 1960, and the seizure of 101 kilograms of pure heroin, information was developed that Gilbert Coscia, a French citizen and a member of the group for which Rosal was acting as a courier, made frequent trips to New York and was associated with another diplomat who was also serving as a narcotic courier. Intensive investigation in the United States and France identified this second diplomat to be Salvador Pardo-Bolland, Mexican Ambassador to Bolivia.

Early in February 1964, Pardo-Bolland arrived in France via Holland. He was observed to register in a Paris hotel using a fictitious name. Continuous surveillance by U.S. narcotic agents and the French police revealed Pardo-

Bolland to meet with Juan Arizti, a diplomat from Uruguay, Jean Baptiste Giacobetti, a notorious French narcotic drug trafficker, and Gilbert Coscia.

On February 14, 1964, Pardo-Bolland departed from France by air for New York, Arizti also departed from France by air for Montreal, Canada. Arizti was carrying six suitcases. Surveillance in Montreal revealed that he was carrying 60 kilograms of heroin. This was surreptitiously seized by the Royal Canadian Mounted Police.

Arizti was allowed to depart from Montreal on February 17, 1964, with all of his luggage and substituted material consisting of flour and one kilogram of heroin. When he arrived in New York, he checked his luggage in a station locker and registered in the same hotel as Pardo-Bolland.

Surveillance revealed Pardo-Bolland and Arizti meeting several times and on February 20, 1964, Pardo-Bolland met Rene Bruchon, a French citizen who had served a prison sentence in the United States for narcotic law violations. On February 21, 1964, Bruchon was taken into custody and found in possession of baggage checks for the luggage Arizti had checked in the station.

Pardo-Bolland and Arizti were also placed under arrest and the heroin evidence seized. Giacobetti and Coscia became fugitives in France and are still missing. Pardo-Bolland, Arizti, and Bruchon were tried in New York City, found guilty, and given substantial sentences in a Federal penitentiary.

Paroutian, Antranik, Marseilles, France: Paroutian was a major underworld figure of Marseilles, France, and part of the highly organized and powerful Corsican criminal element. He is known to the French police as having maintained an organization that specialized in commercial-type crimes and is suspected of the murder of one of his former business associates. Paroutian and his partner, Gabriel Graziani, during the period of 1956-58, traveled from France and set up operations in Montreal, Canada; Havana, Cuba; and New York City, N.Y. Working closely with leading underworld elements in each of these countries, they set up channels of distribution of heroin which they had smuggled into North America from France by means of their organization. In addition to the traffic in heroin, this group specialized in the traffic in stolen securities and was one of the outlets for the securities burglarized from the Canadian banks by the Cotroni organization. As a fruit of their illicit operations, Paroutian and Graziani, during an 18-month period, were able to send to secret Swiss bank accounts, a total of slightly more than \$500,000. An intensive investigation conducted by agents of the Bureau of Narcotics uncovered the activities of Paroutian. As a result, both he and Graziani were indicted at the Southern district of New York during 1958. Continuing investigation by the Bureau of Narcotics resulted in the arrest of Paroutian in Beirut and subsequent extradition to the United States to stand trial on the narcotic charge. In the course of Paroutian's trial, one of the essential pieces of evidence was the complete record pertaining to the coded Swiss bank accounts maintained by Paroutian and his associates which the Bureau of Narcotics had succeeded in obtaining from the Swiss police. Following his retrial, Paroutian was convicted, and in September 1962, was sentenced at the eastern district of New York to two counts of 20 years each, the sentences to run concurrently, on charges of violation of the Federal narcotic laws.

Pieri, Salvatore, Buffalo, N.Y.: His criminal record, since he was a juvenile, includes entries for burglary, possession of firearms, and grand larceny. Pieri is an important interstate narcotic trafficker and a trusted member of the Stefano Magaddino, Buffalo, N.Y. crime syndicate which controls multiple illicit activities in upstate New York, including gambling, narcotics, illicit alcohol, shylocking, and extortion. Pieri has no known legal source of income and has maintained his livelihood through participation in narcotics, gambling, extortion, and other illegal pursuits. In the early 1950's he was involved in the distribution of large quantities of heroin and interstate traffic. Following an intensive investigation by the Bureau of Narcotics, Pieri was implicated in a narcotic case for which he received a 10-year prison sentence in 1954.

Pisciotta, Anthony, Bronx, N.Y.: His criminal record consists of two arrests by the Bureau of Narcotics. Since the 1950's Pisciotta was engaged with important underworld racketeers at New York City in the wholesale narcotic traffic and supplied heroin dealers from all sections of the United States. One of his principal sources of heroin supply was notorious narcotic trafficker Frank Borelli who, through the years has had access to pure-grade heroin imported from France. Pisciotta had an interest in the Skyway Bar near LaGuardia Airport in New York City which he used as a base of operations for many of his

narcotic deals and other illicit activities, including gambling. On May 25, 1951, he was sentenced to 9-years' imprisonment followed by 5-years' probation for violation of the Federal narcotic laws. In 1960 he was sentenced to 10-years' imprisonment for violation of the Federal narcotic laws. In the latter venture he was associated with Thomas Garibaldi of New York City in the distribution of vast quantities of heroin in interstate traffic.

Poliafico, Salvatore, Cleveland, Ohio: His arrest record dates to 1930, when he was acquitted for murder, and includes an entry for robbery. Poliafico has been employed as a night club manager and operator of a television repair service shop. The Cleveland, Ohio, underworld has employed Poliafico as an enforcer of its syndicate operations. In the 1950's he and his associates obtained from leading New York City racketeers large amounts of heroin which he and his associates caused to be distributed in the Midwestern part of the United States. It is alleged that his other source of income, aside from trafficking in narcotics, is derived from his gambling interests which are an integral part of the vast operations of the criminal syndicate in Cleveland, Ohio, and its environs. Following an intensive investigation by the Bureau of Narcotics, Poliafico was involved in an important narcotics case and on April 28, 1957, he was sentenced to 15-years' imprisonment in Federal prison for violation of the Federal narcotic laws.

Polizzano, Ralph, New York, N.Y.: His criminal record commenced in 1957 with an arrest and conviction for interstate narcotic violations. Polizzano was the owner of the Squeez Inn Bar, 57 East Fourth Street, New York City. He used this bar as a base of operations for distributing heroin which he had received from members of the Vito Genovese criminal syndicate which controlled most of the illicit activities in this area. He was subsequently implicated in the vast Vito Genovese narcotic conspiracy case as one of the outlets for heroin for this group and on April 17, 1959, he was sentenced to 7 years imprisonment in Federal prison. This sentence was to run consecutive to a State sentence of 2½ to 4 years which started on October 25, 1957, in New York State prison for violation of the State narcotic laws. Polizzano was active in gambling activities in the Lower East Side of New York City.

Pullings, Jeremiah, Chicago, Ill.: His criminal record dates from 1940 and includes entries for violation of the liquor laws. During past years Pullings was an important member of the underworld in the South Side of Chicago, where he controlled the distribution of narcotics from that area to other cities. Among his other illicit operations, the sale of illicit alcohol and gambling activities played an important role. He was arrested in 1955 by agents of the Bureau of Narcotics for involvement in an important narcotic conspiracy case and on April 24, 1961, as a result of a conviction in this case, he was sentenced to 12 years in Federal prison.

Ragone, Joseph, the Bronx, N.Y.: His criminal record dates to 1954 when he was arrested for violation of the Federal narcotic laws. This is his only arrest. Joseph Ragone has been active with his brother Gaspare Ragone in the vending machine business and has had interests in the Bluebird Bar, the Bronx, New York City. Through the years he has been associated with several important narcotic violators operating in the Bronx, N.Y. It is suspected that he has engaged in strong-arm tactics in the jukebox racket. He and his associates have been active in gambling operations controlled by the underworld element in the Bronx. In 1954 he was implicated in a narcotic case and was sentenced on November 27, 1954, to serve 3½ years in prison followed by 5 years of probation.

Robert, Rene, Montreal, Canada: His criminal record dates back to August 25, 1942, when he was arrested in the Province of Quebec, Canada, for breaking into and theft. He was subsequently arrested for theft (5 years), attempted strangulation, theft from person with violence (sentenced to 7 years on October 5, 1960), and lottery. As a result of an undercover investigation conducted by agents of the Bureau of Narcotics, Robert stood trial at Montreal, Canada, for violation of the Canadian narcotic laws. Robert is now in St. De Paul Prison in Canada serving an 8-year sentence. Robert was an important member of the Joseph Cotroni narcotic smuggling organization in Montreal, Canada, and was instrumental in the smuggling of large quantities of heroin into the United States to leading members of the Carmine Galante criminal syndicate. Robert's other illicit activities included gambling, prostitution, and suspected counterfeiting.

Roberts, James Milton, Washington, D.C.: His arrest record dates to 1926 and includes entries for larceny, disorderly conduct, and assault. Roberts was closely associated in the narcotic traffic with racketeers from the East Harlem section of New York City who supplied him with sizable quantities of heroin which he

distributed to Washington, D.C., and neighboring cities. Roberts was active in gambling activities in the Washington, D.C. area. On February 3, 1950, he was sentenced to 15 years' imprisonment for violation of the Federal narcotic laws.

Robino, Cristoforo, native of Italy (deceased): Robino was an important figure in the organized underworld in both the United States and Sicily. During early 1950, there were a series of murders committed throughout Italy as a result of Mafia efforts to control the fruit industry in that country. Robino became implicated in a double homicide described as a Mafia killing and was sought by the Italian police in connection with the two murders. He fled to Canada and subsequently entered the United States. At Windsor, Ontario, he married and he best man at his wedding was John Ormento, a high-ranking member of the organized New York underworld and notorious narcotic trafficker. After settling in Brooklyn, Robino entered the large-scale narcotic traffic, obtaining heroin from his Mafia associates in Sicily. As a result of an extensive undercover investigation initiated by agents of the Bureau of Narcotics, evidence was developed against Robino, who was indicted by a Federal grand jury at New York. Robino fled prosecution and became a fugitive. Following a prolonged investigation by the Bureau of Narcotics and, as a result of these efforts, Robino surrendered for trial during December 1957. Before his trial commenced he was shot to death at Brooklyn N.Y., on July 18, 1958.

Rosal, Mauricio, New York and Paris: In June 1960, an agent of the Bureau of Narcotics at Lebanon received information that a group of traffickers was obtaining morphine base in large quantities from Near East sources. It was also learned that this group was headed by Entienne Tarditi, a resident of Paris and that he and his associates were regularly supplying heroin in 40- to 60-kilogram lots from headquarters in France to organized traffickers in the United States. At the same time, it was learned that one of the principal methods of smuggling heroin was by a courier described as a Spanish-speaking diplomat.

Intensive investigation in France and the United States revealed that Tarditi was acquainted with Mauricio Rosal, the Guatemalan Ambassador to Belgium and the Netherlands. Surveillance and information developed in September of 1960 revealed that a large shipment of heroin was scheduled for New York.

On October 2, 1960, Tarditi, under surveillance in New York City, was observed to meet with Rosal at 72d Street and Lexington Avenue, New York City. Rosal had just arrived in the United States from France by air and was carrying several pieces of luggage. Both were placed under arrest and 49.256 kilograms of pure heroin was found in Rosal's suitcases. Twenty-seven thousand four hundred and sixty-six dollars in U.S. currency was also seized. Twenty-six thousand five hundred dollars of this amount had been paid to Rosal as his commission for services rendered.

Also arrested at this time was Charles Bourbonnais and Nick Calamaris. Bourbonnais was a Transworld Airlines purser who frequently conveyed suitcases filled with heroin. Calamaris was a New York hoodlum representative of organized interests and was to receive the heroin. Four days after the arrest of Bourbonnais, he surrendered 51.893 kilograms of pure heroin from his mother's home in Brooklyn, N.Y.

French authorities continued the investigation in France and during February 1961, arrested important members of Tarditi's group in France.

Santagata, Aniello, Kearney, N.J.: His arrest record dates from 1909 and includes entries for pickpocketing, larceny, kidnaping, bastardy, fornication, assault and battery, disorderly conduct, and gambling. Santagata was born on January 13, 1888, in Caserta, Italy. He is an oldtime hoodlum highly regarded by his associates. For a number of years he has had sources of supply of narcotics in Italy, Mexico, and Canada and has been responsible for smuggling and distributing large quantities of heroin throughout the United States. He lists himself as a retired barber but he has maintained his close ties with high-ranking underworld figures in the metropolitan area of New York City. As a result of an undercover investigation conducted by agents of the Bureau of Narcotics, Santagata was brought to trial at the eastern district of New York on charges of violation of the Federal narcotic law.

Upon completion of the trial which took place during 1955, he was sentenced to 10 years in prison.

Santora, Salvatore, Leonia, N.J.: His arrest record dates from 1953 and includes entries for grand larceny, assault, possession of a gun, and convictions for violation of the Federal narcotic law. Santora is an important member of one of the leading criminal syndicates in New York City, concentrating its principal

activities in the Harlem area of New York City and Westchester County, N.Y. He has been active in gambling, shylocking, and labor racketeering. Through his close association with racketeer John Ormento, he has established himself in a key position in the underworld. He, John Ormento, Rocco Mazzo, Natale Evola, and gangland chieftain Vito Genovese were implicated in a vast narcotic conspiracy case which resulted in their conviction in U.S. District Court, Southern District of New York, in 1959. He was sentenced relative to this conspiracy case in April 1959 to 20 years' imprisonment in Federal prison.

Schennault, Harry, Chicago, Ill.: His criminal record dates from 1922 and includes entries for larceny, disorderly person, burglary, gambling, violation of liquor laws, and violation of State and Federal narcotic laws. As a result of an undercover investigation conducted by agents of the Bureau of Narcotics, evidence was acquired implicating him and he was subsequently arrested for violation of the Federal narcotic laws. During February 1952, he was sentenced to 5 years, followed by 7 years probation on this charge.

Schiffman, Charles, Newark, N.J., and New York, N.Y.: His criminal record dates to 1921 when he was arrested in Chicago, Ill., for burglary. This record also reflects entries for robbery, holdup, kidnaping, and robbery, concealed weapon (loaded revolver), assault with intent to rob, highway robbery, and harboring. On March 30, 1934, he was sentenced to 4 years imprisonment for violation of the Harrison Narcotic Act. On July 18, 1940, he was sentenced to 10 years in the U.S. penitentiary for violation of the Federal narcotic laws and harboring. Following an investigation conducted by agents of the Bureau of Narcotics, Schiffman was implicated and charged in a case involving conspiracy to violate the Federal narcotic laws. During February 1962, he was sentenced to 25 years in Federal prison as a result of this case. Through the years Schiffman has been a persistent narcotic violator and has been engaged in various illicit activities including gambling, illicit alcohol, and suspected counterfeiting. Schiffman is acquainted with numerous racketeers throughout the United States and has been especially involved in numerous illicit activities with leading members of the underworld element in the metropolitan area of New York City. Schiffman is one of several racketeers who share close confidence with high-ranking members of the underworld in New York City. In his most recent brush with the law, he was involved in obtaining large quantities of heroin from the Mauro-Caruso-Maneri narcotic organization and subsequently selling a greater portion of these drugs to out-of-town violators.

Seritella, Sam, Hazel Crest, Ill.: His arrest record dates from 1942 and includes entries for violation of liquor laws. He was sentenced on August 5, 1957, to 10 years imprisonment for violation of the Federal narcotic laws and was released. Since his release he has renewed his trafficking. Seritella obtained large quantities of high grade heroin from important racketeers in New York City and distributes same in Chicago and in interstate traffic. He is associated with leading Chicago racketeers and is active in gambling, illicit alcohol, and other illegal activities.

Sherman, Harry, Los Angeles, Calif.: His criminal record dates from 1928 and includes entries for felonious assault, robbery, and homicide. He was sentenced on October 11, 1954, to 3-year and 10-year consecutive sentences as a result of a case initiated and developed by the Bureau of Narcotics. Sherman is associated with racketeers Samuel Goldstein, Abe Elenevitch, and Charles O'Connor and is well known to all major racketeers in the Los Angeles underworld. He is engaged in several illegal enterprises among which is included gambling as well as interstate narcotic trafficking.

Siano, Fiore, New York, N.Y.: He was first arrested in 1948; charged with burglary. His criminal record also includes entries for assault and robbery with a gun. On November 27, 1954, he was sentenced to 8 years for violation of the Federal narcotic laws. Fiore Siano has been a main source of supply for narcotic traffickers operating in the Harlem area of New York City. He is a trusted associate of leading underworld figures operating and controlling the rackets in Harlem, New York City. Siano is reportedly a trigger man for the crime syndicate operating in the Harlem, New York City area. He has participated in lucrative gambling activities and has employed strongarm tactics in enforcing the syndicate's interests in labor racketeering and the jukebox racket.

Spadaro, Phillipe, New York, N.Y.: Spadaro, together with French nationals Paul Chastagnier and Alberto Lorraine-Maestre, headed an international smuggling group that purchased large quantities of heroin in France and arranged to smuggle the narcotics into the United States for distribution to members of organized crime. This group, in addition to utilizing couriers traveling with fraud-

ulent passports, employed a unique system of smuggling. The contraband narcotics were concealed inside pieces of electronic equipment and shipped by air to George Vargas, a representative of a legitimate importing firm. Spadaro and Vargas are awaiting trial in the United States and Chastagner and other French participants have been arrested in France. Lorraine-Maestre is presently being sought.

Stadter, Victor, New York City: On June 7, 1962, an undercover narcotic agent was introduced to James Joseph, who furnished the agent with an ounce of pure heroin. The following day, the undercover agent purchased 1 kilogram of heroin from Joseph for \$18,000. Surveillance implicated Joseph's source of supply, one Victor Stadter, who operated a Cessna aircraft. It was further ascertained that Richard Gardiner and two airplane pilots, Marvin Wright and Roy Ehlen, were associated with Stadter in the narcotic traffic.

On June 14, 1962, James Joseph and Richard Gardiner were arrested as they were about to deliver 1½ kilograms of heroin to an undercover agent. Shortly afterward, Stadter, Wright, and Ehlen were arrested. An additional 30 grams of heroin was seized at Joseph's apartment. The investigation, which was developed with the Bureau of Customs, indicated the heroin was of French origin which had been smuggled into the United States via Panama and Mexico. During September 1962, Stadter was sentenced to 8 years' imprisonment, Wright received 7 years, and Ehlen 6 years. Joseph and Gardiner received sentences of 3 years and 3 years and 7 months, respectively.

Stromberg, Harry, New York, N.Y.: His criminal record dates back to the early 1920's and includes entries for robbery, illegal lottery, burglary and possession of a gun, and violation of liquor laws. In 1958, as a result of an extensive investigation conducted by agents of the Bureau of Narcotics, Stromberg was implicated in a case involving conspiracy to violate the Federal narcotic laws. He was convicted and sentenced to 5 years' imprisonment in this case. Stromberg was reportedly a member of Murder, Inc. He is associated with leading racketeers in the metropolitan area of New York City in criminality of all types, including labor racketeering, gambling, extortion, and trafficking in narcotics. In the early 1950's, he was the principal financier of a vast narcotic organization which smuggled large quantities of heroin into the United States from France. Investigation by the Bureau of Narcotics subsequently succeeded in breaking up the Stromberg organization. Many of his associates and customers received substantial prison sentences. Stromberg was released from prison on April 28, 1963, and remained under Federal parole supervision until April 28, 1964.

Teller, Sheldon R., Chicago, Ill.: A Chicago police officer previously charged as a defendant in a narcotic case in 1960. Teller and two other police officers were indicted in a conspiracy which involved 13 defendants and 10 coconspirators. The case against the officers was dismissed by the trial judge and Teller was reinstated to duty. Evidence developed during the course of this investigation disclosed that Teller was a major source of supply to traffickers in the Chicago area and he had connections with members of organized crime in New York. During the early part of 1966, it was learned that Teller had resumed his narcotic activities. A subsequent investigation resulted in the arrest of Teller and John D. Sullivan, another police officer. A quantity of narcotics was seized from Teller's residence and \$46,000 in cash. In November 1966, Teller was sentenced to 18 years' imprisonment and Sullivan received a term of 9 years. Teller's wife, Leah J. Teller, who was also implicated in this case received a 5-year sentence.

Thomas, Mack, Chicago, Ill.: His criminal record dates from 1921 and includes entries for carrying a concealed weapon, burglary and possession of a gun, and violation of the State and Federal narcotic laws. On April 23, 1957, he was sentenced from 5 to 10 years' imprisonment for violation of the Illinois State narcotic laws. Thomas has maintained an organization in the south side of Chicago where he has distributed sizeable quantities of heroin and has been active in gambling and in the sale of illicit alcohol.

Thompson, John Willard, Dallas, Tex.: His criminal record dates from 1932 and includes entries for burglary, auto theft, and theft of interstate shipment. As a result of an investigation conducted by agents of the Federal Bureau of Narcotics, Thompson was implicated and charged with violation of the Federal narcotic laws. On May 11, 1953, he was sentenced to 8-years' imprisonment in this case. He has been active locally in Dallas, Tex., and in interstate traffic in the wholesale distribution of narcotics. He has also been active in hijacking interstate truck cargoes and in gambling enterprises.

Todaro, Vincent, Herndon, Va.: His criminal record dates from 1932 and includes entries for robbery, concealed weapon, receiving stolen goods, and counterfeiting OPA stamps. On May 20, 1958, he was sentenced to 10 years in Fairfax County, Va., for violation of Virginia State narcotic laws. Todaro was the principal in a narcotic organization which obtained large quantities of heroin from French-Corsican traffickers in France and from underworld Sicilian sources and smuggled same into the United States for eventual distribution in New York City and other major cities in the United States. Todaro maintained close ties with French narcotic traffickers Edouard Giribone and Antoine Cordoleani, who furnished Todaro with his major supplies of heroin. Todaro had in his organization important narcotic traffickers such as George Nobile, Joseph Lo Piccolo, Frank Moccardi, and others. Todaro's narcotic conviction resulted from evidence developed through an undercover case initiated and exploited by the Bureau of Narcotics. As a leader of a major underworld organization, Todaro worked in close criminal association with highly placed racketeers throughout the United States in pursuit of multiple illicit ventures.

Tomasetti, Salvatore, New York, N.Y.: On January 27, 1967, Salvatore Tomasetti was arrested by narcotic agents and New York police in Westchester County after a wild automobile chase during which he discarded approximately one half kilogram of heroin which was recovered. Tomasetti was accompanied by John Condoluci and Thomas Ippolito. All are young members of the organized criminal element in New York City.

Tramaglino, Eugene, New York, N.Y.: His criminal record dates from 1932 and includes numerous entries for grand larceny, counterfeiting, intimidation of witnesses, and violation of the Federal liquor and narcotic laws. On June 26, 1951, he was sentenced to 10 years for violation of the Federal narcotic laws. Tramaglino is a key member of the Arnold Romano gang which distributes wholesale quantities of heroin in New York and interstate traffic. This criminal group is also active in the trafficking of illicit alcohol, counterfeiting, gambling, and extortion.

Tuminaro, Angelo, New York, N.Y.: His criminal record dates to 1929 and includes entries for grand larceny, assault and robbery, and violation of New York State and Federal narcotic laws. As a result of an investigation conducted by the Bureau of Narcotics, Tuminaro was implicated in a case involving conspiracy to violate the Federal narcotic laws. He was arrested during May 1960 on this charge and subsequently jumped \$35,000 bail. Following an intensive search for this fugitive by agents of the Bureau of Narcotics, he was located at Miami, Fla. and apprehended on November 5, 1962. He was extradited to New York and is currently under \$300,000 bond awaiting trial in New York relative to the Joseph Cotroneo narcotic conspiracy case. Tuminaro was closely associated with his partner, Anthony Di Pasqua, in the narcotic traffic. As part of the Galante organization, he was involved with the Joseph Cotroneo mob of Montreal, Canada, which was responsible for flooding the New York City area with huge quantities of heroin obtained from sources in France. Tuminaro and Di Pasqua dealt with local traffickers who are engaged in interstate narcotic trafficking. Tuminaro has been suspected of several unsolved homicides in New York City.

Turner, Randolph, Washington, D.C.: His criminal record dates from 1933 and includes entries for disorderly conduct, violation of liquor laws, and violation of the State and Federal narcotic laws in New York City and Washington, D.C. On January 2, 1953, he was sentenced to 8 to 24 years for violation of the Federal narcotic laws. Prior to his prison sentence in 1953 he was one of the leading narcotic traffickers operating in Washington, D.C. His illicit activities extended to other huge lucrative areas, including gambling and trafficking of illicit alcohol. He had close ties with leading racketeers operating in the Harlem area of New York City. The latter furnished Turner with large quantities of heroin which he distributed to Washington, D.C., and surrounding areas.

Valachi, Joseph, Bronx, N.Y.: His criminal record dates from 1921 and includes entries for concealed weapons, burglary, and robbery. For many years Joseph Valachi was a member of one of the large criminal syndicates in New York City, which specialized in narcotics, labor extortion, illicit alcohol, and various lucrative illegal operations. At times Valachi was employed as a strong-arm man in enforcing this syndicate's policies. Valachi was very active in the narcotic traffic and in the 1950's supplied heroin to notorious violator John Freeman, who has been one of the most active Harlem area interstate traffickers of heroin in the United States. In 1960, as a result of an investigation conducted by the Bureau of Narcotics, Valachi was sentenced to 15 years' imprisonment at the Eastern district of New York for violation of the Federal narcotic laws. This sentence was

in regard to his involvement in the narcotic traffic with John Freeman's son and other individuals. While in Federal prison, Valachi killed an inmate and subsequently was sentenced to life imprisonment. Valachi's subsequent disclosures to enforcement agencies and the McClellan committee are well-known.

Wexler, Irving, New York, N.Y. : One of the most significant cases made in 1951 was that against Irving Wexler, alias "Waxey Gordon." A fourth offender under the New York law he was sentenced on December 13, 1951, to 25 years to life in Federal prison. During the prohibition era he was the most important distributor of illicit beer in the eastern part of the United States, with an income reputedly running into the millions. In 1930 he was designated as New York's Public Enemy No. 1. Trafficking in narcotics was one of his major illicit activities. At the time of his arrest in this case, he was associated with one of the largest nationwide illicit narcotic combines ever to operate in this country. Associated with Wexler in this narcotic conspiracy case and arrested at the same time were Samuel Kass, Benjamin Katz, and Arthur Repola. These violators were sentenced in December 1951 to substantial prison sentences.

Mr. ENRIGHT. It might be well also to briefly state what the combined efforts of Federal, State, and local enforcement have meant in terms of the addiction problem. Thirty years ago, the narcotic addiction problem was widespread throughout the United States, the narcotic drugs available in the illicit traffic were of a high percentage of purity, and the addicts suffered extreme withdrawal symptoms when deprived of their usual dosage. Today the major addiction problem is centered in only a few of our larger cities, New York, Chicago, Los Angeles, Detroit, the District of Columbia, Philadelphia, Newark, San Diego, San Antonio, San Francisco, and Baltimore. The narcotic drugs being distributed by the illicit traffickers to the consumers are of a very low percentage of the original purity. Consequently, even in the areas of greatest addiction density, we seldom encounter an addict with a severe degree of physical dependence on heroin. There has been a dramatic reduction also in numbers of addicts in the United States over the years. The findings of the National Crime Commission tend to confirm the foregoing.

In the course of its operation, the Bureau of Narcotics extends and receives cooperation from many agencies at all levels. Over the years, an excellent rapport has been established with State and local narcotic enforcement units. This is partially attributable to the Bureau of Narcotics Training School established in 1956 to provide a course of instruction in narcotic enforcement for police officers throughout the United States. Because of the Bureau's international mission, foreign officers on a select basis also attend the school. Since 1956, the school has graduated 2,563 students from law enforcement agencies in 49 States, the District of Columbia, Guam, the Virgin Islands, and 37 foreign countries.

On the Federal side, cooperation exists with all agencies but perhaps most closely with the Bureau of Customs and the newly formed Bureau of Drug Abuse Control. When information is developed by the Bureau of Narcotics, which is within the jurisdiction of another agency, that information is disseminated. Should an organized crime matter be involved, the information is also forwarded to the Department of Justice Organized Crime Section. On a periodic basis, the Bureau of Narcotics provides an organized crime status report to the latter agency and any urgent intelligence data is furnished as received.

It was stated earlier that organized crime is a national menace. The power and scope of this body defies the imagination. It can be likened to an iceberg where only a small portion is visible on the surface.

The Organized Crime Task Force of the National Crime Commission stated, "Law enforcement's way of fighting organized crime has been primitive compared to organized crime's way of operating." We believe this to be an accurate statement and the balance of power must be shifted.

The small measure of success achieved by our Bureau in this field can be traced to one basic factor, the obtaining of highly placed underworld informants who have broken their code of silence in the face of prosecution or for other reasons. Unfortunately, these individuals are few and far between. Often retaliation against them has been swift and cruel. They have been shot, stabbed, dismembered, dissolved in acid, and even crushed in scrap metal compressing machines. Therefore, every possible step must be taken to overcome their fear and encourage potential informants to come forth.

Incentives could be in the form of immunity from prosecution; the establishment of facilities to house and safeguard informants; funds to provide for the individual and his family after his period of usefulness and severe punishment for those who threaten or otherwise attempt to obstruct anyone from assisting the Government.

Public apathy toward the crime problem and in some instances even hero worship of criminal figures must be overcome. Establishment of a meaningful educational program would be helpful. Improvement of the police image would be an essential part of any such program.

Of particular interest was a recommendation of the National Crime Commission suggesting the creation of a permanent Joint Congressional Committee on Organized Crime.

In the final analysis, no one action or one item of legislation will destroy this evil. To combat organized crime effectively, it is necessary to strike at all the individual components. This involves the combined efforts of Federal, State, and local governments, with the complete cooperation of the concerned professions as well as every citizen of the United States.

Mr. FASCELL. Thank you very much, Mr. Enright.

I certainly would agree with that last paragraph. That leads to some questions that have concerned this subcommittee since we started these hearings.

I gather the thrust of your testimony to be that you make the cases and you get the basic evidence by your own investigative work. If it touches upon another agency you make it available to them.

Mr. ENRIGHT. That is an accurate statement, Mr. Chairman.

Mr. FASCELL. Thank you.

That leads me to ask a question which Mr. St Germain and others have been interested in, and which I am certainly interested in. What about the basic investigative agency of the U.S. Government, do they, in the course of their efforts, make their investigations available to you so that you can make a case?

Mr. ENRIGHT. The basic investigative agency?

Mr. FASCELL. Yes, the Bureau, in other words.

Mr. ENRIGHT. Yes, the FBI.

We receive information from them when it concerns a narcotic matter, and we conduct the investigation. I am assuming whatever information they get concerning narcotics, they provide us. They do pro-

vide reports to us concerning narcotic matters which are outside of their jurisdiction.

Mr. FASCELL. Is that on a regular basis, some intermittent basis, ad hoc or special?

Mr. ENRIGHT. I would assume as it comes to their attention.

Mr. FASCELL. There is no working arrangement with respect to the conduct of investigations dealing with narcotics?

Mr. ENRIGHT. A working arrangement?

Mr. FASCELL. Yes, in the Bureau of Investigation; in other words, a fundamental—

Mr. ENRIGHT. They never, to my knowledge, work on a narcotic matter, and whenever they get something that concerns a narcotic matter they give us a report on it, and we pick it up.

Mr. FASCELL. So the investigation primarily is your responsibility or your section's responsibility?

Mr. ENRIGHT. At the Federal level.

Mr. FASCELL. Federal level.

Mr. ENRIGHT. Together with the joint responsibility we share with the Bureau of Customs in certain matters.

Mr. FASCELL. So you develop a case initially, and then if it involves an organized crime matter as you determine it, you report that to the Department of Justice, the OC Section?

Mr. ENRIGHT. Yes, sir.

Mr. FASCELL. That has been going on since the section was organized, I assume?

Mr. ENRIGHT. Yes. We let them know when we develop something along these lines.

Mr. FASCELL. What I am interested in now is whether or not the reverse of the process takes place. Have you had any direction with respect to the organized crime effort emanating out of the Department of Justice?

Mr. ENRIGHT. Well, I think when you appraise the efforts of the Organized Crime Section, you have to look at it from the overall Federal enforcement viewpoint. I will try to be more specific in a second.

What I have noted about the Organized Crime Section is that they have provided the overall Government thrust. In other words, they have agencies that, perhaps, were not as interested as they should be in the organized crime problem working on it. In other words, I think they are keeping everybody on their toes, so to speak.

Now, to get specific as far as our agency is concerned, we have had—we have been fighting organized crime for some 30-odd years, and we have continued in this regard.

Where they have been of benefit to us has been in such instances where we are in a jurisdiction where the complications of the case may be, perhaps, beyond the immediate capabilities of the local U.S. attorney; they have gone out and in some instances prosecuted cases for us, given advice, and things of this type.

Mr. FASCELL. I do not want to be bound by what I am about to say because we have had a lot of testimony, and I do not want to be prejudging what I have heard. But I got the distinct impression, for example, that goes something like this: That each agency takes the

credit for breaking the back of organized crime in the United States by making the most cases, and that goes for IRS——

Mr. ENRIGHT. I did not say we made the most, sir.

Mr. FASCELL. Drug——

Mr. ENRIGHT. I was speaking qualitatively.

Mr. FASCELL. Drug and alcohol. It is all right. They have all done a good job. Yet I get the distinct impression they are all operating very independently without any real direction at the top level by this Organized Crime Section. So I am now beginning to ask myself what does the Organized Crime Section do besides receiving telephone calls from the agencies making the basic cases saying, "We have an organized crime figure involved in a case."

If there is more to it than that we are desperately looking for it, but I am not sure it exists yet.

Mr. ENRIGHT. I do not see them as having an investigative function as such.

Mr. FASCELL. I do not either.

Mr. ENRIGHT. I say this not facetiously, I do not think they are an investigative body as such doing the actual investigation.

Mr. FASCELL. No?

Mr. ENRIGHT. But what I think they are doing, and I think their operation is improving daily, they are providing—again I repeat—a thrust where they have the entire Federal investigative force moving in one direction.

Mr. FASCELL. You have stated that the drug problem overall has been reducing. Am I correct?

Mr. ENRIGHT. Yes. Now, I am talking about one specific drug—I am talking about the drug addiction in the United States, I am talking about heroin.

Mr. FASCELL. Right.

Mr. ENRIGHT. This is what I was alluding to here in this testimony. I do state again that the heroin problem on a long-range basis is dramatically reduced.

Mr. FASCELL. What I mean by that is the number of addicts, and the number of ounces or pounds or whatever the measurement is——

Mr. ENRIGHT. What I am talking about is the fact that 40 years ago by estimates other than the Bureau of Narcotics, the Public Health Service and others, the medical profession, we had a quarter of a million drug addicts in the United States, and today we estimate we have 60,000 or thereabouts.

Mr. EDWARDS. Say that again.

Mr. FASCELL. Yes.

Mr. ENRIGHT. That 40 years ago we had a quarter of a million narcotic addicts in the United States, not by our count but by the count of the medical profession, the Public Health Service, and so forth, and today we estimate somewhere around 60,000.

Mr. FASCELL. That starting figure is a pretty good guess, just a guess, is it not?

Mr. ENRIGHT. No, sir; it is not a guess.

Mr. FASCELL. Is it not?

Mr. ENRIGHT. One survey——

Mr. FASCELL. I mean we did not have any records of any kind.

Mr. ENRIGHT. Yes, we did. I want to tell how this was done.

Mr. FASCELL. All right.

Mr. ENRIGHT. Long before the Bureau of Narcotics came into existence, all people who were dealing with narcotics were registered. The Public Health Service made a review of many surveys, including one where questionnaires were sent out to thousands of pharmacists and doctors asking for information concerning the number of narcotic prescriptions that were written by doctors and filled by pharmacists. In this way they made what I believe to be a rather accurate estimate. They came to finding that there were about 200,000 addicts in 1914.

Mr. FASCELL. Let us assume for the moment, and properly so, I might add, that a great deal of this reduction is due to effective enforcement; and, secondly, as you have pointed out in your testimony, it is not as useful as it was to organized crime members as it was once.

Are there other reasons, new drugs, new addictions, new fads?

Mr. ENRIGHT. Are we talking about the reason for the drop in addiction or the organized crime retrenchment from the drug traffic?

Mr. FASCELL. No. We are talking about the addiction. One factor is enforcement; secondly, it is not as lucrative as it used to be to the organized crime people and others; third, everyone knows they are getting cut stuff, so they do not want to get that, it might injure their health. Is there a fourth?

Mr. ENRIGHT. Well, I suppose there are many factors involved.

Mr. FASCELL. Let us be specific. Is it LSD or something that has come up that has had any impact on the reduction in heroin addicts?

Mr. ENRIGHT. I think there has been a transition in many cases to the use of other drugs, particularly the amphetamines, barbiturates. But whether this is the factor that causes the reduction or whether they are using this because the heroin is unavailable, I personally would choose to believe that because of unavailability they are switching to other drugs.

For example, Atlanta, Ga., where I was stationed at one time, 15 years ago heroin was readily available, but today it is not. But there are—we do find the use of these other drugs, the newer chemicals, the amphetamines, the barbiturates, and the like.

Mr. FASCELL. Mr. Edwards.

Mr. EDWARDS. Chemicals that can frequently be made in somebody's small laboratory right here in this country.

Mr. ENRIGHT. Well, sir, I think the most publicity about making bathtub narcotics has been within the area of LSD. This is not within our jurisdiction, but within the jurisdiction of the Bureau of Drug Abuse Control, FDA.

Mr. EDWARDS. Let us talk about that for a minute. Is that wise? Should your jurisdiction be limited only to certain things, and some other agency or bureau involved with other types of drugs? How do you draw the line or why is the line drawn the way it is drawn?

Mr. ENRIGHT. Sir, Congress, in its wisdom, made this determination when they passed H.R. 9. This is what set up the new agency, and put within their jurisdiction certain drugs.

Mr. EDWARDS. Was that a mistake?

Mr. ENRIGHT. I would not say so, sir.

Mr. EDWARDS. Did we make a mistake in doing it that way?

Mr. ENRIGHT. No, sir; I do not think you did.

Mr. EDWARDS. Well, sometimes we do not show much wisdom. You are not going to hurt this panel's feelings, I am sure, if you point the finger.

Mr. ENRIGHT. When I talk about a narcotic traffic, I am talking about the traffic in drugs within our jurisdiction which are completely illicit. The drugs that are on the street, illicitly produced, and most generally smuggled into the United States. This is one area of the drug traffic.

Now, in addition, you have the drugs which the Bureau of Drug Abuse Control has within its jurisdiction the manufactured type drugs, the amphetamines, barbiturates, and related drugs.

I must confess there is—one drug that overlaps somewhat with our jurisdiction, and this is the hand-and-glove use of LSD and marihuana. But again there is a difference because the marihuana traffic is basically of an international nature, and the large violators who handle marihuana are not generally concerned with LSD.

Mr. EDWARDS. Do you find there is any overlapping of the crime element in these drugs or the chemicals; in other words, are you dealing with a drug that involves a particular criminal and that same criminal may very well be involved with LSD or some of these others?

Mr. ENRIGHT. Not generally at the wholesale level at which we try to work.

Mr. EDWARDS. Well now, did I understand you correctly that for some of these big time operators narcotics, as such, is getting to be rather risky, and it is for this reason that they are withdrawing into this shell?

Mr. ENRIGHT. Yes, sir.

Mr. EDWARDS. Surrounded by many layers of people?

Mr. ENRIGHT. Yes, sir.

Mr. EDWARDS. You attribute this, with reasonable modesty, to the work that your Bureau has done?

Mr. ENRIGHT. I would like to say with all due modesty, sir, that I think we have had a share in this phenomenon.

Mr. EDWARDS. Explain to this uneducated one a little more about this business of purity in heroin and how that relates to, perhaps, not using it as much any more.

Mr. ENRIGHT. Yes, I would be happy to, sir.

Years ago the drugs being found on the street, at the addict level, were of a relatively high percentage of purity. Every item of drug that we seize undergoes a chemical test, a qualitative analysis, performed to determine its purity. We have noted over the years that the purity percentage of the drug has been decreasing, and there are other findings of a similar nature.

For example, President Kennedy's 1962 Narcotic White House Conference Ad Hoc Committee survey, checking various institutions where addicts are taken to be cured, determined an almost complete lack of classic withdrawal symptoms. In other words, when the addict takes drugs, his body undergoes an increase in tolerance for these drugs, and he reaches the point where if he does not get the narcotic he suffers all types of withdrawal symptoms. The doctors at these institutions reported to this ad hoc committee that there was almost a lack of withdrawal symptoms on the part of these addicts. I mean

there are even jokes made concerning this in the street. At times they refer to somebody as being addicted to the needle rather than the drug.

Do not misunderstand me, I am not minimizing this problem at all. There are still plenty of addicts running around, but what I am saying is all these different things indicate something to us.

Mr. EDWARDS. Indicate a higher degree of impurity?

Mr. ENRIGHT. Well, I think, yes; and the adulteration indicates less availability of the drug, I believe, because they are spreading it further.

Mr. EDWARDS. Now, the \$21 million that you mentioned in your statement, as you said, seems relatively small. Is this generally the heroin?

Mr. ENRIGHT. I am referring to heroin there; yes. I would, perhaps, elaborate a little bit on that just so the record is perfectly clear.

This does not mean that the total narcotic business or total heroin business in the United States is \$21 million. I have heard estimates, and this, of course, is rather difficult, but you can get a handle on it at least, I have heard estimates up to \$350 million. But what we are talking about is the amount of this is going into the coffers of organized crime. Once you get beyond a certain level while there are still drugs being passed and money changing hands, this is not necessarily going to organized crime. Once you get past a certain level in the traffic organized crime is not involved in an active manner.

Mr. EDWARDS. How is your Bureau structured at the top? Do you have a chief?

Mr. ENRIGHT. We have a Commissioner, the Commissioner of Narcotics, Henry L. Giordano; we have a Deputy Commissioner, George H. Gaffney; two assistant commissioners; I am one of these for enforcement. We have another Assistant Commissioner for Administration, and so on down the line.

Mr. EDWARDS. All right. Let us stop near that top level. Are all those people career people?

Mr. ENRIGHT. Yes, sir.

Mr. EDWARDS. There are no political appointments, as we know them, in that echelon?

Mr. ENRIGHT. No, sir. The Commissioner is appointed by the President upon the advice, and so forth, of the Senate but he is a career man, some 28 years, I believe, in the Bureau of Narcotics.

Mr. EDWARDS. Underneath this group of leadership you have about 300-odd—

Mr. ENRIGHT. Field agents.

Mr. EDWARDS (continuing). Field agents.

Mr. ENRIGHT. And supervisors.

Mr. EDWARDS. Is that generally sufficient? I am opening the door now. I want you to tell me if there is a real need to double your agents.

Mr. ENRIGHT. I do not know if doubling it—sometimes it is difficult to establish the point of diminishing returns, but we see a need for a few more men. I suspect we will be asking for them.

Mr. EDWARDS. But you think, by and large, that you have been able to accomplish the purpose for which you were organized with this structure?

Mr. ENRIGHT. By and large. We have necessarily depended, and do depend, on local and State agencies. We think they have a big share in this problem. This is not entirely a Federal Government problem.

This is one of the reasons why we, through a mandate of Congress, established a Bureau of Narcotics Training School, and have been able to put 2,500 ex officio narcotic agents out throughout the country, people on whom we are able to call on who have some degree of familiarity with the drug problem.

Mr. EDWARDS. What background does the average narcotic agent have? What type of education is required?

Mr. ENRIGHT. He must have the basic requirement which is a college degree. We will accept any college degree.

Mr. FASCELL. Mr. St Germain.

Mr. ST GERMAIN. I want to compliment you. I am certainly desirous of taking this as gospel truth, and, therefore, I must say it is a job well done.

Mr. ENRIGHT. Thank you, sir.

Mr. ST GERMAIN. But on page 4 you say the findings of the National Crime Commission tended to confirm the foregoing, wherein you tell us about—that is at the end of the first paragraph, the last sentence——

Mr. ENRIGHT. Concerning the narcotics problem, excuse me, the addiction problem.

Mr. ST GERMAIN. Right; the addiction problem.

Mr. ENRIGHT. Yes.

Mr. ST GERMAIN. Which, in effect, the reduction in the addiction problem is in great part due to the unavailability, which is due to the efforts of your organization?

Mr. ENRIGHT. We would like to think that.

Mr. ST GERMAIN. Well, that is logical.

Mr. ENRIGHT. I am talking here about the heroin. There is a tendency, I think, when we talk about the narcotic problem, to include every drug known to man. But the backbone of the addiction problem in the United States is heroin, and this is what I am referring to here.

Mr. ST GERMAIN. Right.

Well, on what information did the National Crime Commission base its findings in this particular instance? Where did they go to get their facts upon which they reached this conclusion?

Mr. ENRIGHT. Well, I know generally what they did. They studied all the literature available, the various previous committee reports. They went around the country to various cities questioning the professions, the enforcement agencies, and the like.

Mr. ST GERMAIN. Well, in essence, the enforcement agencies, they would be questioning your agency——

Mr. ENRIGHT. Not necessarily.

Mr. ST GERMAIN (continuing). A great deal of the time?

Mr. ENRIGHT. No. They went to California, they talked to the State bureau of narcotics; they talked to the Los Angeles police; they talked to the Bureau of Customs; in St. Louis they talked to the St. Louis County authority, and they talked to the police in New York, and so on.

I think the three cities that they concentrated were Los Angeles, St. Louis, and New York in an attempt to get a sampling.

Mr. ST GERMAIN. So far as the law enforcement agencies in the larger cities are concerned, do you get your information from them

or do they get their information from you as to what the situation is that prevails during a particular period of time?

Mr. ENRIGHT. Well, there is a type——

Mr. ST GERMAIN. In other words, who was in charge of the proceedings here, the Federal Bureau of Narcotics or——

Mr. ENRIGHT. I believe so; yes.

Mr. ST GERMAIN. Right. So that, in essence, would not the local enforcement agencies rely in great part upon the information they are getting from your Bureau?

Mr. ENRIGHT. No, sir; not necessarily. New York City has something like 300 men working in their Narcotics Bureau. They have as many men in New York City as we have in countries throughout the world, so they have much information on their own.

Mr. ST GERMAIN. Nothing further.

Mr. FASCELL. Mr. Enright, which of these cities, from the standpoint of heroin use today, has the greatest incidence?

Mr. ENRIGHT. New York City.

Mr. FASCELL. Where does Washington, D.C., come into the scale of things?

Mr. ENRIGHT. They are in the first 10, toward the bottom of the first 10, sir. I could supply that for you if you wish.

Mr. FASCELL. Toward the top 10?

Mr. ENRIGHT. I can supply it for the record.

Mr. FASCELL. I was just curious.

What kind of a lead does the purchase of a needle at a drug counter give the enforcement agencies?

Mr. ENRIGHT. Well, normally we are not working at this level ourselves, at the addict level, unless the addict happens to be the dope peddler.

I suppose it is possible that the person buying that needle would be a drug addict, but, of course, he could purchase it for any number of reasons. For example, if he were a diabetic he would need it for that purpose.

Now, certain areas, certain jurisdictions, have laws regarding the purchase of needles. They make them a prescription item.

Mr. FASCELL. There is no such law in the District of Columbia, is there?

Mr. ENRIGHT. Not that I know of. I just do not know.

Mr. FASCELL. Do you have any idea what the sales of needles are in the District of Columbia?

Mr. ENRIGHT. No, sir; I do not.

Mr. EDWARDS. Do you?

Mr. FASCELL. I do not know, but I have a good idea they sell an awful lot of needles, and it is pretty easy to get one.

Mr. ENRIGHT. I believe New York City has in their Public Health Code a law which makes it a misdemeanor to be in illegal possession of a hypodermic needle and syringe.

Mr. FASCELL. Most of these people, as I understand it, just use the needle.

Mr. ENRIGHT. Well, you need the syringe.

Mr. FASCELL. No; you really do not?

Mr. ENRIGHT. Well, the sophisticated user. However, sometimes they punch holes in their arms with safety pins and use an eye dropper. But we were talking about needles at that point.

Mr. FASCELL. I mean they do not need the bulb. I did not mean to get technical.

So anyway there is no—from a Federal standpoint you do not get down to that kind of investigation.

Mr. ENRIGHT. Not in that regard. There is a different function of our Bureau where we do get down to the drugstore level and this is our permissive side, the control we exercise over the flow of legitimate narcotics, which is complete from importation down to the local drugstores.

Mr. FASCELL. There is considerable discussion lately about the use of marihuana and the waste of time of enforcement of the laws against the use of marihuana. What opinion do you have to express on that? In other words, the way a current theory goes is that marihuana is less dangerous than a drink of whisky, and why go to all the trouble of enforcing the laws to stop the use and possession and the sale of it?

Mr. ENRIGHT. Well, I think—that was not your statement, sir.

Mr. FASCELL. No, sir. I said it was a current view expressed by others.

Mr. ENRIGHT. I was going to say I think you have to view sometimes the individuals who are making these statements.

There is a rather vociferous, at times articulate, group around the United States who do dream that there is nothing harmful about marihuana. Again, usually these people are involved in other things such as LSD and, perhaps, other acts, not completely in the general interest of the public.

I think rather than—first of all, I do not think that enforcement is useless or unneeded in this area. I admit it is a very complex problem.

One of the things I would like to cite for you is the fact that of the 60,000 drug addicts, narcotic addicts, that we have on file in our Bureau, a great number have cited the use of marihuana as their first, as their introduction, to the use of heroin.

Mr. FASCELL. Into taking heroin by needle, you mean?

Mr. ENRIGHT. What I am saying is that they started using marihuana and graduated to the use of heroin.

But rather than attempt to state this myself, I would like to introduce a couple of items into the record. For example, the World Health Organization Report on Drug Dependence, which cites the use of marihuana and what it can do.

We also here have a paper by Mr. Miller, part of which deals with marihuana. Perhaps you would like to have it in the record. Also, excerpts from various publications concerning the transition from marihuana to heroin use.

Mr. FASCELL. Without objection we will include those in the record at this point.

(The pertinent portions of the documents referred to follow:)

NARCOTIC DRUG AND MARIHUANA CONTROLS¹

(By Donald E. Miller, Chief Counsel, U.S. Bureau of Narcotics)

At this point I want to dwell upon a subject which I perceive to be a most important aspect of this conference—one which appears to be very controversial

¹Pertinent portions of paper presented at National Association of Student Personnel Administrators Drug Education Conference, Washington, D.C., November 7-8, 1966. The NASPA drug education project is supported by contract No. FDA 67-3, with the Food and Drug Administration, Department of Health, Education, and Welfare.

in academic communities. At all conferences of this type these questions are always asked: "Why is marihuana controlled at all?" and "What is so bad about Marihuana?" Accordingly, I shall meet the issues head on, furnish you with the views of the officials of the Bureau of Narcotics, and illustrate why we consider marihuana as an exceedingly dangerous drug. I sometimes fear that law enforcement officers are the sole voices in the wilderness warning that today's languor will lead to a spread of marihuana abuse rather than its control.

Recently, within the United States, we have witnessed an increasing abuse of marihuana, as well as other so-called hallucinogenic or "mind changing" drugs. Regrettably this trend has been encouraged by a small number of highly articulate spokesmen who attempt to justify its use with an aura of intellectualism or religious practice. They readily extoll the virtuous effects of marihuana intoxication and advocate that its use be legalized. Of more concern are the conclusions of a few observers in the academic field who have seemingly found no threat sufficient to merit the prohibition of marihuana. Such a position is completely contrary to the findings of medical consensus as well as the social experience of this and other countries. An examination of most leading authorities will serve to illustrate this point.

Marihuana does differ significantly from the opiate class of drugs in that its use does not produce addiction of the morphine type. Abstinence does not produce a physiological withdrawal syndrome in the user, however, its use does result in a psychological dependence and according to Dr. Ausubel chronic users go to great lengths to insure that they will not be without the drug. Moreover deprivation may result in "anxiety, restlessness, irritability, or even a state of depression with suicidal fantasies, sometimes self-mutilating actions or actual suicidal attempts," all symptoms of a psychological withdrawal syndroms. For these reasons marihuana is more often said to be habituating rather than addicting, although one of the most recent investigators claims that at least from a psychiatric point of view there is little difference. From a medical standpoint this distinction cannot be overlooked, but it assumes only minor importance when considering the practical social values of the drug. It is, therefore, somewhat incredible that the distinction has been cited by some observers as though it were a positive virtue of marihuana.

There is medical agreement that the active ingredients of marihuana, the tetrahydrocannabinols, are powerful and dangerous compounds when used in intoxicative proportions. The potent parts of the plant have been used from very ancient times and there are claims that it is the most widely abused drug in the world today. The plant preparations are commonly found in a number of forms of which hashish and marihuana for smoking are the most common. In this country all such forms are included in the legal definition of "marihuana."

In the past, efforts to discover a medical use for marihuana compounds have not proven fruitful. There are, however, current attempts being made to discover uses for the drugs, and a research team of Princeton University chemists, headed by Dr. Edward G. Taylor, has succeeded in synthesizing tetrahydrocannabinol compounds. He expresses the hope that marihuana may become the source of a whole new generation of drugs with a range of useful therapeutic functions. Also Kabelik, a Czechoslovakian scientist, has demonstrated antibacterial, analgesic, anticonvulsive and local anesthetic qualities of tetrahydrocannabinols. One thing is clear from the research, and this is that a number of powerful drugs may be derived from the resins of the cannabis plant. In medicine, the current task is still to find in them a proper therapeutic use. As for society, the fact still remains that the evidence supports the view that the bad aspects of marihuana abuse exceed far and beyond any possible good which might be derived from it.

The formal list of reported physiological and psychological effects of the intake of marihuana is quite varied and lengthy. For example, the 1965 report on Drug Dependence for the World Health Organization lists the following:

"Among the more prominent subjective effects of cannabis * * * are: hilarity * * * carelessness; loquacious euphoria * * * distortion of sensation and perception * * * impairment of judgment and memory; distortion of emotional responsiveness; irritability, and confusion. Other effects, which appear after repeated administration * * * include: lowering of the sensory threshold, especially for optical and acoustical stimuli * * * illusions, and delusions that predispose to antisocial behavior; anxiety and aggressiveness as a possible result of the various intellectual and sensory derangements; and sleep disturbances."

The immediate physiological effects of marihuana intoxication include ataxia, a loss of coordination in the limbs; hypoglycaemia, an abnormally low concentration of glucose in the blood; hypothermia, an abnormal lowering of the overall body temperature; bulimia, a voracious appetite accompanied by a desire for sweets; and inflammation of the mucous membranes of the mouth, pharynx, and bronchial tubes. It is, however, the effects upon the operation of the central nervous system which are most profound and unfortunately, least explored. Dr. Donald Louria also claims that marihuana may produce all of the hallucinogenic effects of which LSD is capable.

A recent medical symposium sponsored by the CIBA Foundation summarizes much of the current research and opinions of leading medical authorities. To quote briefly from the conclusions of these studies:

"One can easily imagine the difficult situation to which society would be condemned if the selling of hashish were legal.

"It is well known that taking hashish causes both pathological and psychic disturbances, thus rendering the addict a burden to society."

At the present time marihuana is the subject of worldwide prohibition as expressed in the Single Convention on Narcotic Drugs of 1961. This repression has been found to be necessary not simply because of the harmful effects of the drug on the consuming individuals but also because of the antisocial conduct which it engenders. The U.S. laws are in accord with this global policy of suppression and heavy penalties are prescribed for marihuana traffickers.

It has become popular with those who would legalize marihuana to claim that its use is no worse than the current use of alcohol. However, any comparison of marihuana with other substances such as alcohol is extremely tenuous at best, and in a basic sense, such efforts are pointless. The attempt, no matter how successful, can produce no guide to action. Surely it is not valid to justify the adoption of a new vice by trying to show that it is no worse than a presently existing one. It is true that alcohol abuse also constitutes a major social problem, but the social damage which would result from a permissive use of marihuana cannot, like some finely balanced equation, be canceled out by placing a measure of social damage resulting from alcohol opposite it. The result can only be additive.

A factor which is frequently overlooked by critics of the present prohibition is that the limited social experience which we have had in this country is with marihuana having a low concentration of the active ingredient tetrahydrocannabinol. In the marihuana which is distributed in the illicit traffic of this country it is common to find conglomerations consisting of leaves, seeds, stems, and tops, in spite of the fact that nearly all of the active principle of the plant is contained only in the resins of the flowering tops of the female plant. This adulteration is a consequence of the present enforcement activity, and while this policing efficiency has the desirable benefit of lessening the amount of the active ingredients consumed in the United States, it also unfortunately results in concealing from investigators the full danger involved in its use. The low purity of the marihuana which is available results in disguising its consumption as a causative factor in crime and mental illness, a connection which is much more apparent in those who have used the more concentrated forms such as hashish. Moreover the difficulties of obtaining even the adulterated preparations further conceal the damage of chronic consumption.

This fact has often mistakenly led to the belief that marihuana consumption is one of the less damaging forms of drug abuse. The recent report of the Subcommittee on Narcotic Addiction of the New York Medical Society found that the prohibition against marihuana clearly should be maintained. The only significant opposition to the existing controls is that the subcommittee feels the penalties for possession should be decreased since the marihuana commonly found in the United States is of a much lesser potency than that found elsewhere. The report concedes that marihuana in its stronger forms such as hashish is definitely associated with criminality, violence, and insanity, but it fails to comprehend that the low grade of marihuana available in the United States is a direct consequence of our nationwide policing effort. It should be realized that if the consumption of marihuana were legalized the natural consumer demands would result in the marketing of a more refined and consequently more dangerous product than is usually obtainable.

Dr. Donald Louria, Chairman of the New York Medical Society's subcommittee, tacitly recognizes the inevitability of this process in his recent volume entitled "Nightmare Drugs." In it he speaks of marihuana of the "American type"

by which he means that mixture most often encountered in this Nation's illicit traffic as opposed to the better grades such as hashish which he claims to be five times as potent. Thus he rightly concludes that:

"If we legalize marihuana, of the American type, are we not taking the first steps to legitimize the widespread use of more potent hallucinogens with all their immense potential dangers? With legalization, inevitably there would develop in this country a substantial number of chronic, excessive users, thus encouraging the likelihood of chronic psychosis and criminality.

The use of hashish and perhaps of pure tetrahydrocannabinol would develop. Just as the refinements of the opium poppy finally made available the drugs heroin and morphine, and the switch to the more sophisticated form of drug taking, the refinement of the cannabis plant can be expected to result in the switch to tetrahydrocannabinol.

Availability of only the mild marihuana preparations in this country explains much of the reason for the existing controversies as to the seriousness and permanency of the effects of marihuana. For example, the report prepared for the mayor of New York in 1944 concluded that there appeared to be no permanent mental damage suffered by the marihuana-using subjects within its purview. However, as Wolff pointed out 5 years later in his Latin America studies, these observations were not based on the chronic use of marihuana. In the Near East where the refinement of hashish is readily available, a very high incidence of permanent insanity has been recorded among the users. In his study of drug addiction, Dr. Ausubel states that although no permanent physical damage or deterioration has been reported in the United States among marihuana users:

"In India, on the other hand, where chronic addiction is more common and of longer standing, reliable evidence of damaged health has been reported for 42 percent of chronic users."

In Egypt, where according to recent press reports, habitual marihuana use has reached the alarming figure of 30 percent of the population, the Government has unqualifiedly stated that: " * * * the prepared product of cannabis sativa plant, while having very limited medical use, is capable of profoundly disturbing the brain cells and of inducing acts of violence, even murder; that it is in fact a thoroughly vicious and dangerous thing of no value whatever to humanity and deserving of nothing but the odium and contempt of civilized people."

Wolff also claimed that his studies in Latin America make it clear that irreparable organic lesions result from the use of marihuana over a period of years. Finally, the botanist, Norman Taylor, who is not a supporter of the present prohibitive laws, admits that hashish is so potent, "that its continued use leads straight to the lunatic asylum."

The question of the permanency of the mental effects of marihuana remains open for investigation. More likely than not the earlier failures in finding such effects among subjects in this country resulted from the unavailability of chronic users of high quality marihuana which is a testimonial to the need for continued controls to prevent spread of this abuse. However, it has been rightly observed that even if the effects of marihuana are temporary, a user "may 'temporarily' be out of his mind for the whole of his lifetime if he smokes up to six marijuana cigarettes daily * * *" which is generally conceded to be the average habitue's consumption in this country.

The relationship of crime to marihuana use is another hotly contested issue. It has long been held that marihuana is linked with crime and other types of antisocial behavior. What is less clear is whether the criminal conduct results from actual neurological changes brought on by the use of the drug or whether the drug's consumption merely aggravates preexisting criminal tendencies. Those who have studied this question domestically find it difficult to reach a conclusion. Thus, Kolb claims that marihuana "may cause criminally inclined persons to commit crimes, but its potency as an instigator of crime has not been measured or demonstrated in the United States, because of its limited use." On the other hand, studies made in New Orleans showed that the number of marihuana users among major criminals was very high. The files of the Bureau of Narcotics are replete with crimes of violence perpetrated under the influence of marihuana. Again the studies made in other countries where higher grades of marihuana are more readily available show an alarming incidence of use among the criminally insane.

Even the LaGuardia report of 1944, which is so often cited as support for the harmlessness of marihuana, found that in a limited number of test subjects: " * * * there were alterations in behavior giving rise to antisocial expression.

This was shown by unconventional acts not permitted in public, anxiety reactions, opposition and antagonism and eroticism. Effects such as these would be considered conducive to acts of violence." And further that: "The conclusion seems warranted that given the potential makeup and the right time and environment, marihuana may bring on a true psychotic state." Moreover it is important to note that these observations were based on the study of subjects in a rigidly controlled environment and who were not themselves chronic users.

Of special significance is the investigation of Prof. C. G. Gardikas in which he analyzed a group of 379 hashish-smoking criminals. He found that 117 of these became criminally inclined only after their habituation to hashish. Nevertheless they had between them more than 420 sentences for assaults, woundings, threats, robberies, manslaughter, and sex offenses. Wolff refers to various other reports from Greece, Turkey, Tunis, and Egypt which bear out his findings. Wolff also lists a number of specific incidents taken from his own observations in Latin America. The explanation to which most authorities subscribe in their accounts of marihuana-induced crime, is that the drug causes psychotic episodes which result in personality changes. Typically, users may suffer from delusions of persecution. Many may believe themselves to be under attack when they commit aggressive acts. Crime in these subjects must be viewed as a result of the ensuing mental confusion and derangement that accompanies marihuana intoxication.

Also, the thesis that marihuana use results in criminal conduct in those who are predisposed to crime is valid. Thus, like alcohol it may be used to bolster courage or it may trigger a latent desire to commit acts of violence. Two noted experts have pointed out that marihuana is particularly suited to the latter role:

"Marihuana does not so rapidly produce motor incoordination (as does alcohol), which means that the marihuana smokers may more frequently carry through criminal tendencies into action or perform impulsive acts more effectively * * *"

In the final analysis it is clear that marihuana may be causally associated with the commission of crimes in a number of ways, depending upon the variability of the strength of the dose and the underlying personality of the user. The important question for society is not in what manner marihuana causes crime—the question is, How many crimes would not be committed but for the addition of this dangerous drug to the social environment? The available studies are suggestive enough of the risks involved in its use.

Another danger of marihuana which, although less spectacular is of considerable social significance, is the effect of the drug on the performance of complex tasks and particularly the operation of motor vehicles. Wolff says that numerous traffic accidents in Mexico and Cuba are attributed to the drug. In a statement before the United Nations Commission on Narcotic Drugs, in 1963, the French delegation expressed its concern over the high rate of road accidents which appeared to be attributable to the abuse of drugs and "particularly cannabis." In a report to the Commission in 1965, on this general question, it was noted that persons using heroin, morphine, and similar drugs are not likely to be using motor vehicles for a variety of reasons but that: "An exception may lie in the case of cannabis, which is more readily available and more widely used in several parts of the world. Light indulgence in cannabis may create euphoria without a desire to curtail all physical activity as mentioned in the case of more potent drugs." In a highly mechanized society such as our own, in which the number of automobile accidents has been described as "slaughter on the highways," the dangers of marihuana cannot be ignored.

One particularly grave danger of habitual marihuana use is that there is often a clear pattern of graduation from marihuana to the stronger addictive opiates. Those who seek personal well-being and exhilaration through the stimuli of drugs ultimately discover that the opiates have more to offer. This point has been disputed, of course, particularly in the case of student experimentation. Certainly, it is true that not all persons who ever smoked a marihuana cigarette have gone on to the use of heroin, but actual experience leaves little room for doubt that a large majority of addicts began their drug taking with marihuana. This cycle of graduation has been observed in the United States, the Near East and in Africa though admittedly the exact causal connection is unknown. In a sample of 96 heroin users examined in the United States, 83 admitted to the use of marihuana prior to their addiction. The World Health Organization has reasoned that one factor in the progression from marihuana use to heroin use is that once a person begins using marihuana, he aligns himself with the criminal fringe where all forms of drugs may be available, and if he is so disposed to seek pleasure in stronger drugs, he has a ready source of supply.

The most recent review of the subject is that of P.A.L. Chapple who studied 80 English heroin addicts. He found that 70 of these had first used marihuana and apparently considered its effects to be second only to those of heroin. They themselves expressed surprise at the finding, but were not deterred in their intention to return to marihuana use since it was not addicting. In studying these patients Dr. Chapple was led to the conclusion that the connection between marihuana and heroin could not be accounted for simply on the basis of the "mutual influence of availability in illegal society * * *" and he warns "that there may be greater dangers in cannabis * * *" than some observers currently express.

In conclusion, it is clear from the examination of the great bulk of authoritative opinion, that the permissive use of marihuana would result in irreparable damage to the health and well-being of society. Those few who advocate its legalization, do so on the basis of the most general and unrepresentative data. They tend to characterize supporters of the laws as "puritans preaching against that old devil marihuana." They sorely neglect the public health aspects. When one considers the recent volume of criticism to which the Federal Government was subjected for failing to actively insure that new medicines and drugs were reasonably safe for medicinal use, it is difficult to comprehend that informed persons would advocate free access to a substance containing such active and powerful drugs, and all for the sake of gratifying some misguided desire for a new "kick." In an area which may have such far-reaching and permanent effects on the culture and mores of our communities, it would be sheer irresponsibility to ignore the plain meaning of the accumulated evidence.

Accordingly there is little doubt of the need to control the dangerous drug, marihuana, and to control it in the best possible way. It is less important that the drug is controlled under the definition of a narcotic by the State laws or under the taxing powers of the Federal Government rather than under the commerce clause of the Constitution.

What have the laws accomplished? There may never be an absolute answer to the addiction problem—perhaps it may not be in the nature of social problems that there is such an answer. But, this does not mean we should substitute myth for experience—we cannot indulge in hopeless speculation about how easily the problem could be resolved without our system of controls. I can only say in passing that I abhor thinking what the problem of drug abuse would be today had there been no controls.

In the past, the Bureau of Narcotics has always pursued a policy of vigorous law enforcement. We intend to continue doing so. I do not mean, of course, that prohibitions and good law enforcement are the answers to the drug abuse problems. We need a great deal of help. There is a need for more conferences of this type. There is a need for educators to evaluate their roles and to formulate a proper and effective educational program of antidrug abuse. By all means, I hope we never give the impression to a youngster toying with the use of drugs that he may proceed with the understanding that he is exceptional or misunderstood, or a frustrated person "trying to find himself" who is merely taking up a crutch to help him limp along in the face of adversity. There is a dire need to retain in our society a harsh concept against drug abuse, because such a concept has a very important preventive value.

Enforcement officers need the support of students and faculty at the colleges and universities. We have been cooperating with many school officials and have furnished assistance by breaking up a local trafficking problem without fanfare and before it became a blot on the school's reputation. I have good reason to believe that this conference will lead to even more cooperation in the future.

DRUG DEPENDENCE OF CANNABIS (MARIHUANA) TYPE

It is not known with absolute certainty which of the chemical structures that have been isolated from *Cannabis sativa* L. is responsible for the typical cannabis effects, but these can nevertheless be described as constituting an entity that varies in degree according to the concentration of the active principle or principles in the plant and the preparations obtained therefrom, and to the mode of application. These effects are also producible by certain synthetic substances of similar chemical structure.

Among the more prominent subjective effects of cannabis, for which it is taken occasionally, periodically or chronically, are: hilarity, often without apparent motivation; carelessness; loquacious euphoria, with increased sociability as a

result; distortion of sensation and perception, especially of space and time, with the latter reinforcing psychic dependence and being valued under special circumstances; impairment of judgment and memory; distortion of emotional responsiveness; irritability; and confusion. Other effects, which appear especially after repeated administration and as more experience is acquired by the user, include: lowering of the sensory threshold, especially for optical and acoustical stimuli, thereby resulting in an intensified appreciation of works of art, paintings and music; hallucinations, illusions, and delusions that predispose to antisocial behavior; anxiety and aggressiveness as a possible result of the various intellectual and sensory derangements; and sleep disturbances.

In the psychomotor sphere, hypermotility occurs without impairment of coordination. Among somatic effects, often persistent, are injection of the ciliary vessels and oropharyngitis, chronic bronchitis and asthma; these conditions and hypoglycaemia, with ensuing hlinimia, are symptoms of intoxication, not of withdrawal.

Typically, the abuse of cannabis is periodic but, even during long and continuous administration, no evidence of the development of physical dependence can be detected. There is, in consequence no characteristic abstinence syndrome when use of the drug is discontinued.

Whether administration of the drug is periodic or continuous, tolerance to its subjective and psychomotor effects has not been demonstrated.

Whereas cannabis often attracts the mentally unstable and may precipitate temporary psychoses in predisposed individuals, no unequivocal evidence is available that lasting mental changes are produced.

Drug dependence of the cannabis type is a state arising from chronic or periodic administration of cannabis or cannabis substances (natural or synthetic). Its characteristics are:

- (a) Moderate to strong psychic dependence on account of the desired subjective effects.
- (b) Absence of physical dependence, so that there is no characteristic abstinence syndrome when the drug is discontinued.
- (c) Little tendency to increase the dose and no evidence of tolerance.

For the individual, harm resulting from abuse of cannabis may include inertia, lethargy, self-neglect, feeling of increased capability with corresponding failure, and precipitation of psychotic episodes. Abuse of cannabis facilitates the association with social groups and subcultures involved with more dangerous drugs, such as opiates or barbiturates. Transition to the use of such drugs would be a consequence of this association rather than an inherent effect of cannabis. The harm to society derived from abuse of cannabis rests in the economic consequences of the impairment of the individual's social functions and his enhanced proneness to asocial and antisocial behavior.

SURVEY OF FINDINGS BY SEVERAL MARIHUANA RESEARCHERS AND WRITERS ON THE RELATIONSHIP BETWEEN MARIHUANA AND NARCOTIC ADDICTION

"Probably the most dangerous aspect of marihuana is the fact that it so often, especially among youngsters, leads to the use of heroin; the reason for this cycle of marihuana to heroin or heroin plus cocaine is not yet fully understood beyond the fact that environment and propinquity make for a desire to graduate from marihuana to opiates; it is possible that marihuana in some way conditions the user for heroin. This same cycle has been reported by Bouquet in the Near East and in Africa, although there heroin tends to replace hemp in many more mature addicts, and the use of both hemp and heroin by teenagers is not epidemic as it is in the United States." (Maurer and Vogel, "Narcotics and Narcotic Addiction," p. 245, (1962). Charles C. Thomas.)

"One major argument often used against legalization of marihuana is that users will subsequently turn to more dangerous drugs such as heroin and cocaine. The figure used recently in a national publicized article was that 35 percent of marihuana users progress to heroin or other opiate abuse. This is a serious statistical error. Between 60 and 90 percent of the heroin users and addicts had experience with marihuana prior to turning to heroin." (Donald Louria, M.D., "Nightmare Drugs," p. 37, (1966). Pocket Books, Inc.)

"At the time of our interview in 1953, experimentation with heroin typically followed a period of smoking marihuana cigarettes; 83 of the 96 heroin users who answered this question had smoked marihuana, 40 of them regularly, be-

fore they began using heroin." (Chen, Gerard, Lee, Rosenfeld, "The Road to H," p. 149, (1964). Basic Books, Inc.)

"From a survey of 58 heroin addicts in New Orleans we have ascertained that 44 percent of them began their drug career by smoking marihuana." (Walton and Geiling, "Marihuana, America's New Drug Problem," p. 39, (1938). J. B. Lippincott Co.)

"It would seem that most addicts traverse the whole field of drugs, before they finally convert to heroin. All 68 addicts born in England said they had taken cannabis, as did those from South Africa (two). Those from Canada (10) may have started on cannabis after they came to England * * *. (p. 273)

"All the addicts had come through a series of preceding drug abuses, and this seemed to be more extensive the longer time one was able to spend with the patient and gain his confidence. They were all agreed that the "best" effect was obtained from cannabis. It was for them the most enjoyable substance (until they took heroin). (p. 276)

"Cannabis is, therefore, one of the drugs of abuse used by addicts in this country, both subsequent to other drugs of abuse such as those of the amphetamine-barbiturate mixtures which are admittedly drugs of addiction, and also preceding the narcotic drugs, to which they predispose and which are also drugs of addiction." (p. 279) (P. A. L. Chapple, "Cannabis, a Toxic and Dangerous Substance—A Study of 80 Takers," Br. J. of Addiction, vol. 61, (1966).)

"Sixth, the statement that marihuana users very frequently progress to heroin needs careful scrutiny. It is true that over 50 percent of heroin users have had prior marihuana experience." (Report of the Subcommittee on Narcotic Addiction, "The Dangerous-Drug Problem," New York Medicine, vol. 22, No. 9, (1966).)

"I have sat for hours with others as they smoked marihuana. I have listened to them telling me over and over again that it was not addictive, less dangerous than alcohol, no connection whatsoever with the big chainstore next door that stocks the heavy drugs, the killer drugs.

"Yet every heroin addict I met had taken first either marihuana or one of the amphetamine group like purple hearts." (Alan Bestie, "Turn Me On, Man," p. 8, (1966). Anthony Gibbs, Library Thirty-Three, Ltd.)

"Heroin use among the Puerto Rican subjects of this study began as a part of peer-group recreational or street activities. The juvenile initiate usually had smoked marihuana before his first experience with heroin and in both instances he secured or was given the narcotic by neighborhood friends. The common sequence of events was commencement of marihuana smoking at age 16 or 17, heroin use at 18, and arrest for possession or sale of drugs at age 20. The onset of illicit drug use was, then, a peer-group phenomenon associated with delinquent behavior.

The mean age at which marihuana smoking began was 17.3 years for the males and 17.4 years for the females. The youngest age at which marihuana use occurred was 11 years (for two boys) and the oldest age was 30. Although 15 of the 119 opiate addicts reported that they had never used marihuana, of those who had smoked marihuana 91 percent reported that marihuana use preceded opiate use. Thus, the dominant pattern of behavior was marihuana smoking followed by heroin use." (John C. Ball, M.D., "Marihuana Smoking and the Onset of Heroin Use," Committee on Problems of Drug Dependence, National Academy of Science, National Research Council, p. 5102 (1967)).

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CANNABIS SATIVA IN RELATION TO MENTAL DISEASES AND CRIME IN INDIA

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INTRODUCTION

In spite of the popular belief that excessive and prolonged indulgence in hemp drugs leads to certain forms of mental disorder and crime of a violent nature, little attempt has so far been made to study this question from its scientific aspects. The conclusions of the Indian Hemp Drug Commission (1893-94) were in variance with the popular belief. The Commission considered that "Moderate

use of these drugs produces no injurious effects except to persons with specially marked neurotic diathesis. Excessive use indicates and intensifies mental instability. Moderate use produces no moral injury whatsoever." Ewens (1904) found that the form of mental disease classed in this country as "toxic insanity" has a direct relation to excessive use of hemp drugs. Robertson-Milne (1906) and Dhunjibhoy (1927) also came to similar conclusions. None of these workers, however, studied the bearing of these drugs on the prevalence of crime. In this paper an attempt has been made to discuss the part played by poisons in general, and hemp drugs in particular, in producing mental instability and crime in India.

Besides the careful studies made on 1,500 cases of hemp drug addiction by the authors (Chopra and Chopra, 1939), investigations were carried out in almost all the mental hospitals of India, where inmates suffering from toxic insanity were examined from time to time and kept under observation for a number of years. The histories of most of the discharged cases of toxic insanity were also studied.

The cases in which hemp drugs were the apparent cause of insanity were studied individually and attempts were made to obtain all possible information with a view to determining how far the facts elicited were reasonably correct. All doubtful cases were eliminated. In this way it was possible to collect reliable data concerning 600 cases of hemp drug insanity.

PHYSIOLOGICAL AND PATHOLOGICAL CHANGES IN HEMP DRUG INTOXICATION

Chopra and Chopra (*loc. cit.*) studied the effects of hemp drugs on the central nervous system. Since then further work has been done in this connection. There is little doubt that *Cannabis sativa*, like other intoxicants or nerve poisons, may give rise to an altered state of mind which in certain cases may simulate mania. This drug is known to have a marked effect upon the intellectual processes which become irregular, or even partially or totally suspended. *En passant* it may be added that the higher centers, which are late in developing, are more sensitive and more prone to be influenced by narcotic drugs.

The effects upon the brain may manifest themselves in the following ways:

(i) *By causing certain general effects.*—These are more or less diffuse in nature and produce vague symptoms, which are common to all intoxicants, e.g. euphoria, dizziness, exhilaration and a feeling of relief from worry, strain, etc.

(ii) *Through their localized or specific action.*—Localized or specialized effects of drugs exhibit themselves in the case of special centers in the brain and are believed to differ in the case of each drug. Thus, each narcotic drug is apt to cause certain special symptoms or derangement of mental faculties, in addition to the general effects, which are peculiar to it.

It is apparent, therefore, that in spite of the great dissimilarity in the effects produced by substances which are capable of producing narcotic effects, there are certain clinical features which are common to all. For this reason it is almost impossible to give a definite picture or symptomatology of toxic insanity for each individual drug. Mental derangement resulting from the use of toxic substances is nothing but the reaction on the part of cerebral cells whose regular activity is either held in abeyance or is perverted partially or totally. There is a relaxation of control of the higher centers which allows the lower centers to come under the influence of external abnormal excitations which may be different from the usual stimulation. This reaction may be observed in one or more parts of the central nervous system, leading to differences in the symptoms produced. Thus, it appears that a drug when it is absorbed in the system does not add any new element to the brain. Therefore, a drug simply excites or depresses the existing trend of the mind or mental aberrations if any. Therefore, all types of insanity resulting from intoxication through any drug whatsoever, are characterized by certain general symptoms, such as excitation of the organs of thought, sense of intoxication, and incoherent ideas and actions. The symptoms in case of a particular drug may differ widely in individuals. Persons with psychopathic and neurotic tendencies appear to be more easily affected than normal healthy individuals with a stable nervous system. It is well known that the same dose of a narcotic, for example alcohol, bhang or opium, does not produce similar effects in all individuals. The individual personality and idiosyncrasy of different persons are important factors in the resultant effects. The authors found that the hallucinations occurring in Western people could not be observed in Indians who are more prone to dreams pertaining to sex and of a voluptuous nature. The symptoms may thus be influenced primarily by the selective affinity on the part of special group of cells in the brain for a particular drug and secondarily by the personality of the individual taking the drug.

Besides the above two there are other factors of importance which have to be considered in evaluating the effects of hemp drugs on an individual. They are the degree of education, reasoning, judgment, dosage, mode and time of administration of the drug, etc. All these factors may modify the symptoms and effects. The influences of these factors are discussed in the section on analytical studies. As regards the dosage and the mode of administration, the effects are intense with larger doses and appear much earlier when the drug is taken on an empty stomach. Similarly, different preparations, such as ganja, charas and siddhi (bhang), give rise to effects which vary a great deal in intensity according to the amount of the active principle contained in them (Chopra and Chopra, *loc. cit.*).

DIAGNOSIS OF HEMP DRUG INSANITY

Acute toxic hemp drug insanity.—Besides the generally accepted view that a short duration is diagnostic of hemp drug insanity, this form has points of distinction from other types of mental disorders. General care of the patient and withdrawal of the drug leads to rapid recovery.* In regard to the different diagnostic symptoms, delirium frequently occurs. Acute mental derangements due to hemp drugs are marked by extreme vehemence of the mania. Mental, moral, and muscular manifestations are more pronounced, and differ from those seen in case of alcohol and other drugs. The individual looks confused and excited, has bright shining eyes which are almost always heavily congested. He shouts, vociferates, sighs, walks quickly up and down or round his cell, and shakes the door out of its fastenings. If at liberty, he is violent and aggressive and may run amuck. These symptoms are not so pronounced in other forms of mania. Instances are on record where the patient under excitement got hold of a weapon and committed murder without any reason or provocation. The attack, however, was usually of short duration, being limited to a few days. Later, in most cases there was perfect recovery, but the patient was quite oblivious of things which took place during the period of intoxication.

Chronic toxic hemp insanity.—The insanity produced by a long-continued and excessive indulgence in ganja or charas has also certain definite symptoms and points of its own. The patients are hilarious and full of a sense of well-being; they are as a rule good natured and trustworthy, and recover in a large proportion of cases when admitted to a hospital and after the drugs have been withdrawn.

Relapses, however, are quite common in cases of chronic form of the disease.

CRIME AND HEMP DRUG HABIT

As regards the relationship between hemp drug addiction and crime, there are instances where the addicts committed criminal acts under the effects of these drugs, especially after smoking ganja or charas, under grave provocation or in cold blood and with premeditation. Such instances do not necessarily prove any definite relationship between the use of hemp drugs and crime. Indulgence in alcohol undoubtedly gives rise to a feeling of bravado and courage by depressing the higher controlling cerebral centers, and there are many instances in which it has led to crimes of a very grave nature. So far as hemp drugs are concerned, however, the situation has to be viewed from a different angle. Hemp drugs are cheap and are generally used by the poorer classes who belong to the lower strata of society to which most of the criminals in this country belong. This may be an explanation of the fact that proportionately more consumers of hemp drugs, especially ganja and charas smokers, are found among bad characters than among the normal population in general.

It should also be remembered that the habitual use of these drugs impoverishes the addicts whose incomes are generally small. They spend a large portion of their earnings on them and in consequence they have very little money left to obtain the daily necessities of life. This may lead them to commit thefts and other crimes of a similar nature. This, however, does not mean that the use of hemp drugs is entirely responsible for their misbehavior.

So far as premeditated crime is concerned, particularly that of a violent nature, the role of hemp drugs is quite distinctive. In some cases they not only

*Sudden withdrawal of the drug, unlike opium and morphine, gives rise to no abstinence symptoms.

do not lead to it but actually act as deterrents. We have already remarked that one of the important actions of these drugs is to quieten and stupefy the individual so that there is no tendency to violence, as is not infrequently met with in cases of alcoholic intoxication. The result of continued and excessive use of these drugs in our experience is to make the individual timid rather than to lead him to commit crimes of a violent nature. Our opinion in this respect based on the study of a large series of addicts, is that the tendency of the drugs appears to be to develop or bring into evidence the natural disposition of the consumer and to emphasize his true character and peculiarities. For example, if he is inclined to be lazy and easy going, he will be quiet and restful, but if he is irritable or excitable he may, if interfered with, become violent. The results of the statements of the addicts in this series who volunteered information on this point are summarized in table VIII.

From table VIII it is clear that there were 102 or 8.24 percent of individuals who gave the history of being convicted once and 98 or 7.92 percent who were convicted more than once. The figures for conviction in this series are higher than those usually met with among the general population. It will also be observed that the number of those who had convictions in this series is much larger in the case of ganja and charas users than in the case of bhang. The reason no doubt is that the effects produced by smoking are rapid and more intense than when the drugs are taken by the mouth. Besides, ganja and charas are used more by the lower strata of society, which include a higher proportion of habitual criminals.

TABLE VIII

Showing relation between addiction to hemp drugs and crime in 1,238 hemp drug addicts

[Percentages have been worked in row totals]

Drugs	No conviction		1 conviction only		More than 1 conviction		Total
	Number	Percent	Number	Percent	Number	Percent	
Bhang.....	704	91.19	48	6.22	20	2.59	772
Ganja and charas.....	331	71.67	54	11.59	78	16.74	466
Total.....	1,035	83.84	102	8.24	98	7.92	1,238

USE OF HEMP DRUGS FOR HOMICIDAL AND SUICIDAL PURPOSES

It has already been remarked that hemp drugs have been used by criminals for two purposes. Firstly, to fortify themselves to commit premeditated crimes, and, secondly, to enable them to endure unusual fatigue or exposure to inclement weather and to stimulate them for extra exertion. In both cases the drugs are used by those who have been indulging in them habitually.

Hemp drugs have not been used for suicidal or homicidal purposes in the same ways as opium. It has been stated that sometimes they are used for stupefying people with the object of robbing them. It is doubtful if stupefaction can be effected with these drugs except in those who are not accustomed to take them habitually, and very often dhatura has to be mixed to obtain the desired effects.

Another difficulty in the way of using these drugs, especially ganja and charas, is that they can readily be detected by their characteristic and penetrating smell, and therefore it is difficult to mix them with tobacco or other substances for the purpose of smoking without detection. It is, however, possible to utilize them for stupefying individuals who are addicted to their use or otherwise by secretly mixing with more potent drugs such as dhatura. Cases have been reported where prostitutes were stupefied in this manner and robbed of their ornaments. Children are sometimes decoyed and offered sweetmeats containing hemp drugs to make them insensible and to rob them of their ornaments. Generally speaking, because of the difficulty of their administration without detection and their uncertain action, these drugs are seldom resorted to for such purposes.

SUMMARY AND DISCUSSION

Excessive indulgence in narcotics, such as Indian hemp, is apt to produce in healthy individuals and in susceptible individuals mental confusion which may lead to delusions with disorientation and disordered movements. The use of hemp drugs if pushed further than the stage of light depression of higher centers may produce confusion of mind and restlessness. Intellectual impairment as well as disorientation may show itself in various ways, such as weakening of moral sense, habit of telling lies, prostitution, theft, etc. The addict may become egotistic and unreliable and may have recourse to theft, pilfering, and unnatural sex perversions. Sometimes it may release subconscious impulses and lead to violent crime.

Indulgence in Indian hemp drugs often results in illusions, delusions, and hallucinations. In young individuals hallucinations of pleasant and sexual nature sometimes form the chief attraction for the use of these drugs. These hallucinations depend upon the personality and subconscious trend of the habitue's mind. A person with a religious trend of mind may imagine himself to be a messiah, a messenger of God or a prophet, while a person with loose morals may imagine himself in the lap of his beloved. The hallucinations and delusions in the case of Indian hemp drug are largely visual and auditory. They are mostly transitory, but in more susceptible individuals may assume a chronic form resembling paraphrenia. Delusions of a persecutory nature and sexual infidelity are dangerous and frequently lead to homicidal crimes, the power of discrimination being lost through a lack of control over the higher centers. Inquires in various jails and mental centers revealed that in quite a number of cases simple indulgence even in a single ganja or charas smoke was responsible for a heinous crime.

Another important point to be considered is the difference in susceptibility to the effect of hemp drugs in different individuals. Differences in effects produced in the same individual at different times and under different environments have already been recorded (Chopra and Chopra, loc. cit.), but it may be noted that individuals may react differently after head injuries or following special nervous and mental strain.

It is well known that the cerebral centers (higher centers) are responsible for keeping in check the lower centers upon which the behavior of an individual depends. Hemp drugs and other narcotics depress the higher centers to begin with. Moderate interference with these may not be dangerous and sometimes may even be helpful as, for instance, in removing inferiority complexes and temperamental difficulties. With frequent repetitions of the dose, however, harm is likely to result through prolonged inhibition of the higher faculties of the mind, and this may lead to permanent changes in character and even the production of such conditions as megalomania, irritability of temper, boastful nature, etc. Fits of aggressive mania are not infrequently observed after indulgence in hemp drugs. Impulses of a suicidal and morbid nature have been known to occur with drugs such as bhang when taken in large doses, especially during a period of mental depression. The higher centers when kept under constant repression undoubtedly suffer; they are the last to develop and first to succumb to the action of these drugs. The lower centers also suffer through overaction, but they are more resistant and do not show signs of degeneration till late. Our studies in mental hospitals, in the field * * * and in prisons show that not infrequently addiction to hemp drugs was the immediate cause of a sudden unbalance of mind and the commission of a crime.

Deliberate indulgence in hemp drugs by religious mendicants to induce a state of frenzy for impressing the onlookers with their supernatural powers is frequently found. Frenzy is also deliberately induced to enable the subject to carry out enterprises of a difficult and dangerous nature, either planned beforehand or only decided upon on the spur of the moment.

A milder condition is sometimes induced by criminals to enable them to keep up their courage while committing offenses. Though they differ in degree yet the two uses are essentially similar. In the first instance it may be followed by murder, while in the second by robbery, theft, and the like. The striking example of the abuse of these drugs occurred in the sect Hassassins in Persia who committed terrible deeds under the influence of hemp drugs. The frenzied state is more likely to be induced by a cumulative effect of repeated doses of hemp drugs than by a single dose.

[From Maplewood-South Orange News Record, Apr. 6, 1967]

A PIECE OF YOUR MIND

SMOKING MARIHUANA COMMON?

(By Karl H. Platzer, Ph. D.)

"I started to drive home after the party, then I realized I'd made a mistake. The street stretched out endlessly before me. Time stretched out, too. It took me 15 minutes, it seemed, to move my foot from the accelerator to the brake. I lost all judgment of distance and space and time. As soon as I saw a red light I would stop, most of the time a half block from the corner. The lights felt sharp and bright inside me, and the cars were so wide apart I felt I could drive right between them. I don't know how I ever got home. But I got out of the car and walked into the house. My parents were still up watching television. 'Did you have a good time?' they asked me. 'Oh, sure,' I said. I didn't want them to come too close to me, so I went to bed right away. I woke up feeling beautiful. But the car was half in the driveway and half on the lawn. I never want to drive like that again."

The boy had driven home an hour or so after smoking one, just one, marihuana cigarette.

I am impressed by the growing number of adolescents I see who are smoking or have smoked marihuana. From what they tell me, the practice is accepted as common. It is no longer confined to a small nonconformist clique. Its use cuts across social and economic lines.

I am impressed also by the vigor with which these boys and girls defend the practice.

"It's less harmful than alcohol," they argue. "It sharpens our senses, it lets us really see things and feel them. It's absolutely harmless and nonaddictive."

I am not so impressed by these arguments. Nonaddictive? I know boys who after refraining from smoking marihuana for only a week or two develop a terrible craving for it. Nonaddictive? The user develops a tolerance toward the stuff; after a while he must have 2 cigarettes to gain the same effect one had formerly given him. Obviously, there is a psychological addiction. The development of the tolerance and the craving for the drug strongly point toward a physiological addiction as well.

In the case of LSD, research tends to show a definite change in the brain tissue. This accounts for the fact that in one observed case the person went into a hallucinogenic state 2 years after he had had just one dose of LSD.

Less harmful than alcohol? For any one who has seen the misery and degradation and suffering that alcohol has caused, this argument is less than impressive. For anyone who has seen the figures on deaths andcrippings caused by driving after drinking, such a comparison is grim.

Sharpens our senses? Marihuana distorts, weird sensations. The drug is not a mood accentuator. The person who smokes marihuana while depressed will undergo a frightening experience, a bad trip, as one boy said.

From my experience with drug users of all kinds I have come to certain definite conclusions.

I believe a person who takes drugs, whether for curiosity, kicks, pleasure, or companionship, is neurotically sick to begin with.

I believe the use of drugs heightens and prolongs his sickness.

And I believe the continued use of drugs renders him less amenable to treatment that might otherwise restore him to normal health.

The use of drugs, marihuana or any other, is a sickness, engaged in by sick people.

Unfortunately, that sickness appears to be growing. Think long and strong before you include yourself in it.

Mr. EDWARDS. Will you yield?

Mr. FASCELL. Mr. Edwards.

Mr. EDWARDS. What you are saying then is that you would argue with those who say that marihuana is not a preliminary to heroin. The argument goes, as I have read it in the papers, that marihuana is not addictive, and, therefore, simply smoking marihuana does not

means you are going to end up taking heroin, and those of us who worry about this are rather foolish to worry about it.

You would say that the evidence does not indicate this?

Mr. ENRIGHT. This is true, and as far as the harm, I would argue to my dying gasp, as far as the harm of marihuana in not only being an introductory drug, but for other reasons. I have arrested people under the influence of marihuana. Nobody is going to tell me these people are not dangerous at times. Marihuana is a very unpredictable drug. I concede some people can probably smoke marihuana, but it is so unpredictable that the next user is liable to jump out of a window under its influence.

Mr. FASCELL. In previous testimony it was stated, that in calendar year 1966 your Bureau had 800 narcotics and marihuana convictions, and that in fiscal 1966 you seized 6 tons of smuggled marihuana on the Mexican border.

Can you describe the extent to which the convictions involved organized crime?

Mr. ENRIGHT. The seizures that you referred to on the Mexican border were made by the Bureau of Customs and not our Bureau. We have had multikilogram, even multiton, seizures working with the Mexican police in Mexico, but I can answer the last part of your question, and that concerns organized crime.

We do not note organized crime generally being involved in the marihuana traffic. There is an organized activity but not organized crime as I think we are referring to it here today.

Mr. FASCELL. What do you think accounts for that, there is not enough money to fool with it?

Mr. ENRIGHT. They have never been in—organized crime has never been in the marihuana traffic to any extent at all. Occasionally somebody might get into it, but the profits are less, this is true.

One kilogram of marihuana, 2.2 pounds at the Mexican border, can be purchased for \$40, and it can cost you \$12,000, \$15,000, \$18,000 for the same amount of heroin.

Mr. FASCELL. And you take that 2.2 pounds of marihuana which you buy for how much?

Mr. ENRIGHT. Well, at the border probably for \$40 or so.

Mr. FASCELL. And it sells for what, 50 cents a cigarette or something?

Mr. ENRIGHT. 50 cents, a dollar, a cigarette.

Mr. FASCELL. How many cigarettes do you get out of that 2.2 pounds?

Mr. ENRIGHT. I should say a couple of thousand.

Mr. FASCELL. Will you describe the function of the Bureau with respect to the licensing of opium manufacturers and the controls which you exercise with respect to manufacture and distribution?

Mr. ENRIGHT. I would be pleased to, sir. I would be pleased to do so to my limited ability, at any rate. This is not my general area.

We exercise, through the various laws, a control of all the legitimate medicinal narcotic drugs, starting with the importation of crude opium from which our pharmaceutical manufacturers derive or extract the opium alkaloids, such as morphine.

We issue import licenses for this importation of the opium. I would say we probably import 100 to 200 tons of opium a year.

Three pharmaceutical companies in the United States are allowed this importation.

As I say, they extract the opium alkaloids, and then it goes on to other manufacturers who formulate the various pills, the tablets, the cough syrup, et cetera, and as these narcotics pass from hand to hand they are accounted for by a series of purchase orders which are under our control, which are issued by the Internal Revenue Service for us right down to the doctor and the local drugstore.

In addition to this, manufacturers and wholesalers are required to submit, on a quarterly basis, reports to the Returns Section of our Bureau where we are able to determine that there is no diversion of these drugs.

We also establish quotas for the manufacturer of drugs based on medical requirements and these reports are sent to the International Narcotics Control Board of the United Nations where each party to the treaties is required to submit the quotas for that country. In this way not only is the use of the drugs, legitimate drugs, known in the United States, but it is known what drugs are being used legitimately throughout the world.

Mr. FASCELL. Would you say the system is effective?

Mr. ENRIGHT. I would say our control in the United States is absolutely effective.

Mr. FASCELL. Do you see any reason why it could not be applied to other drugs, prescription or otherwise?

Mr. ENRIGHT. I know of no reason; no, sir.

Now, let me—

Mr. FASCELL. There is no administrative reason that you can see?

Mr. ENRIGHT. No, sir.

Let me clear one point. I say it is absolutely effective—there is occasional diversion at the drugstore and doctor level; an unscrupulous doctor, and thieves burglarizing drugstores, in this way there is a diversion.

Occasionally you will have somebody purchase at this retail level on his own official order forms, drugs which are not going into medical channels, but are being diverted. But these are the exceptions certainly to the rule.

Mr. FASCELL. We have touched on part of this question, but would you describe the differences between heroin, marihuana and cocaine with respect to their drug and medical classifications, and the legal classification?

Mr. ENRIGHT. Well, heroin is a derivative of opium. It is basically, I suppose you would describe it as, a sedative-type drug.

Marihuana and cocaine—cocaine, secondly, is a stimulant-type drug. It is derived from the coca shrub, the coca bush, from South America. It is derived from the leaves of this bush.

Marihuana could be described as both a sedative and stimulant at various stages.

This is derived from cannabis sativa, the marihuana plant.

But the second half of the question—

Mr. FASCELL. Now, the enforcement problems relative to each group.

Mr. ENRIGHT. I do not know in what detail you want me to go. I can start right at the beginning with crude opium if you wish.

Mr. FASCELL. I mean is there a legal difference between the medical classification and the enforcement classification?

Mr. ENRIGHT. Well, heroin, for example, is outlawed completely in the United States. There is no production, use—excuse me, legitimate use.

Mr. FASCELL. Right.

Mr. ENRIGHT. It is just outlawed entirely, as it is in many countries of the world.

Cocaine has a limited medical use. I know ophthalmologists use it. It is a drug that will freeze—it is a local anesthetic drug. It can be used in this manner for eye operations.

Of course, marihuana—

Mr. FASCELL. In other words, there is not a complete prohibition by law.

Mr. ENRIGHT. Of cocaine?

Mr. FASCELL. Yes.

Mr. ENRIGHT. No, sir. It is a pharmaceutical-type drug.

Mr. FASCELL. Right. And marihuana?

Mr. ENRIGHT. Marihuana has no legitimate use that I know of, although at one time it was used as a hemp in some countries. The fibers were used to manufacture rope. But there are other fibers available.

Mr. FASCELL. There is a complete prohibition by law of marihuana?

Mr. ENRIGHT. No. Marihuana is controlled by the Marihuana Tax Act of 1937, and if an individual is registered to deal in marihuana he can. There are a few individuals who are conducting experiments with the fibers who are able to purchase it legitimately. But as far as selling it for consumption, there are none, I know of none. The tax is relatively prohibitive. I think it is \$100 an ounce.

Mr. FASCELL. Which act?

Mr. ENRIGHT. Marihuana Tax Act. 1937.

Mr. FASCELL. The act presumes the opportunity for license of some kind, or for some kind of action such as sale, possession, or distribution?

Mr. ENRIGHT. This is—perhaps I should defer to my lawyer.

Mr. FASCELL. Mr. Miller?

Mr. MILLER. Well legally the provisions are similar to the Harrison Narcotic Drug Act which controls all the narcotics. The acts are almost identical so far as the medical profession is concerned, and the medical use of marihuana.

Mr. FASCELL. Tell me as a layman what all that means.

Mr. MILLER. That means that any person who handles marihuana in any manner must become registered with the District Director of Internal Revenue and pay a special tax to engage in that activity.

Before he may do so he must be qualified under the State law to engage in that activity, which essentially means that all of the persons who do use narcotic drugs must in some way either be licensed or be a professor in a university or have some legitimate use for marihuana before the District Director of Internal Revenue will register him.

Mr. FASCELL. Is the smoker violating a Federal law?

Mr. MILLER. A smoker is violating the Federal law to the extent that

he acquires marihuana without having paid the transfer tax. Mr. Enright spoke that the law——

Mr. FASCELL. Supposing it is a gift.

Mr. MILLER. The tax is really due on the transfer and not necessarily on the sale.

Mr. FASCELL. The tax is due on a transfer, not on a sale?

Mr. MILLER. On a transfer whether it is sold or whether it is given away.

Mr. FASCELL. What is the penalty?

Mr. MILLER. The penalty for the unlawful acquiring of marihuana begins at not less than 2 year or more than 10 years; and the second offense is 5 to 20; the third offense is 10 to 40.

Mr. FASCELL. Is that different from mere possession?

Mr. MILLER. There is no possession statute per se under the Federal law.

Mr. FASCELL. The technical violation is not paying a tax.

Mr. MILLER. Is acquiring without having paid the transfer tax. But a person who is found in possession of it is presumed to have acquired it illegally.

Mr. FASCELL. Right, and subject to the payment of the tax.

Mr. MILLER. Yes, sir.

Mr. FASCELL. And having paid the tax, then what?

Mr. MILLER. Well, he cannot pay the tax unless he is registered and has the order forms.

Mr. FASCELL. Supposing he gets caught and he decides to register and pay the tax?

Mr. MILLER. He would still be in violation of the law because he was not registered at the time of the commission of the offense.

Mr. FASCELL. What is the penalty for that?

Mr. MILLER. That is the penalty I just gave you.

Mr. FASCELL. I see.

Mr. EDWARDS. Would you yield?

Mr. FASCELL. Yes.

Mr. EDWARDS. What about the convictions now? The penalties sound like they should deter people from sitting around on street corners smoking marihuana. But I wonder if the conviction rate would change the impression?

Mr. ENRIGHT. Well, certainly, I think we have a relatively high conviction rate.

Mr. EDWARDS. Of marihuana smokers?

Mr. ENRIGHT. No, I am talking about traffic.

Mr. EDWARDS. We were talking for the moment about the transfer tax.

Mr. ENRIGHT. Yes, we were.

Mr. EDWARDS. I just wonder how many people out in Georgetown are convicted.

Mr. ENRIGHT. First of all, again I point out, we do not normally operate at this level of the traffic. It is something that we leave to the local——

Mr. EDWARDS. But this is a Federal offense, is it not?

Mr. ENRIGHT. Yes, sir; it is a Federal offense.

Mr. EDWARDS. Who would——

Mr. ENRIGHT. But it is also a State offense, and in the District of Columbia it is a Federal offense, but the Metropolitan Police also have jurisdiction.

Mr. EDWARDS. But you do not have information at hand of convictions in the District of users, transfer or——

Mr. ENRIGHT. I do not, sir.

Mr. FASCELL. Mr. Enright, you submitted a list of more than 100 organized crime figures apprehended by the Bureau since 1951. Can you say with any degree of certainty when the Bureau first encountered what you described as organized crime figures in operations of narcotics?

Mr. ENRIGHT. Most generally from the inception of the Bureau of Narcotics organized crime has been in the narcotic traffic. I think a great many organized crime figures entered the narcotic traffic at the end of prohibition, which was around the time that we came into existence. This has been an organized traffic since roughly the 1920's.

Mr. FASCELL. Have there been any significant changes in your Bureau's operations since the establishment of the Organized Crime Section in the Department of Justice, and, if so, what are they?

Mr. ENRIGHT. Insofar as significant changes in method of operation, I cannot cite any other than, perhaps, a broader dissemination of information.

Mr. FASCELL. Prior to the formation of the Organized Crime Section, what was your relationship and coordination, if any, between your Bureau and other Federal enforcement agencies? We touched on this, particularly the FBI, for example.

Mr. ENRIGHT. Well, whenever we receive information beyond our jurisdiction we immediately give it to the agency concerned. We always have had——

Mr. FASCELL. You mean when you run across information as a result of your investigation which is not clearly a narcotic case——

Mr. ENRIGHT. Which is not a narcotic case, I would say.

Mr. FASCELL (continuing). Then you turn it over to whatever——

Mr. ENRIGHT. A stolen car ring, we give it to the FBI. If it is alcohol, we give it to the ATTD, whatever the case might be.

Mr. FASCELL. How long have you been with the Bureau?

Mr. ENRIGHT. I started in 1951 in New York City.

Mr. FASCELL. How many cases or convictions would you say you— you made 800 last year—I was trying to get some perspective on the number of convictions since the time you have been there.

Do you have any idea at all? If you had 800 last year, would you say it was 800 a year during that period of time?

Mr. ENRIGHT. Numbers of convictions?

Mr. FASCELL. Yes.

Mr. ENRIGHT. It sounds somewhat low. I would be happy to supply that, sir. We run about 1,800 or 1,900, violators a year. However, they are not all prosecuted in the same year.

Mr. FASCELL. Right.

Mr. ENRIGHT. And I think our conviction rate is higher.

Mr. FASCELL. You can supply that for the record.

(The information referred to follows:)

*Conviction of violators reported for prosecution by Bureau of Narcotics by
calendar years 1962-66*

1962	-----	1187
1963	-----	1101
1964	-----	1342
1965	-----	1318
1966	-----	1340

Mr. FASCELL. The majority of those cases were made by the Narcotics Bureau; in other words, investigated, turned over, and prosecutions obtained?

Mr. ENRIGHT. Most generally from the initiation of the case.

Mr. FASCELL. I understand.

Mr. ENRIGHT. Now, we do make cases in cooperation with local police many times.

Mr. FASCELL. Of course.

Mr. ENRIGHT. The Bureau of Customs, and things of this type.

Mr. FASCELL. Have you had any particular jurisdictional problem in carrying out your assigned responsibility under the law and, if so, what is it?

Mr. ENRIGHT. I do not know that we have a jurisdictional problem, sir.

Mr. FASCELL. Are you represented in any way in the Organized Crime Section?

Mr. ENRIGHT. Yes. Well, first of all, I am, in general terms, liaison with the Organized Crime Section for our Bureau. But then we have a man assigned also to the Organized Crime Section.

Mr. FASCELL. Actually over in their staff, physically?

Mr. ENRIGHT. He is physically assigned to them. He is working on a project at the moment with the Organized Crime Section.

Mr. FASCELL. Is that a special program of some kind?

Mr. ENRIGHT. Yes, sir.

Mr. FASCELL. Does it have anything to do with organized crime?

Mr. ENRIGHT. Hopefully it has everything to do with organized crime.

Mr. FASCELL. I am just curious.

Mr. Edwards, do you have any further questions?

Mr. EDWARDS. Yes.

Well, I am concerned still about the general relationship and exchange of information between your agency and the other investigative agencies of the Government.

Do you have a normal exchange of information on a routine basis between these investigative agencies or between your agency and the Organized Crime Section?

Mr. ENRIGHT. We have an organized flow of information to the Organized Crime Section. Every 90 days we submit them a status report on our organized crime information and operations.

Mr. EDWARDS. They testified when they were here several weeks ago that there is a list of, I forgot now what the figure was, a certain number of criminals that fall into this organized crime category. I presume you have a list of those—

Mr. ENRIGHT. I have a copy of that list; yes, sir.

Mr. EDWARDS. About 3,000 names.

Mr. ENRIGHT. Right.

Mr. EDWARDS. You use that list in your operation?

Mr. ENRIGHT. Well, we have this list in our files, and whenever information concerning any of these individuals comes to our attention it is forwarded to the Organized Crime Section.

Now, many of these 3,000 people on this list are not engaged in narcotics traffic. I would say the bulk of them are in the gambling field.

Mr. EDWARDS. You do not find a general pattern of the big criminals being in a little of everything?

Mr. ENRIGHT. Could I add one thing before I go to that?

Mr. EDWARDS. Yes.

Mr. ENRIGHT. The people who are in the narcotic traffic, in organized crime, however, are on this list.

Do I generally find that the organized criminals are——

Mr. EDWARDS. That they operate across the board?

Mr. ENRIGHT (continuing). Are in a variety of endeavors? Well, this is true, particularly the upper level, are getting a feedback from any number of criminal pursuits. But, by the same token, the individuals in the various mobs are not necessarily all engaged in this variety of crimes. You might have some people who are strictly gamblers.

Mr. EDWARDS. On page 5 of your statement you quote a statement from the National Crime Commission that somehow fighting crime seems to be primitive while the organized criminals seem to have the most up-to-date operating methods. You say that the balance of the power must be shifted. That is your statement.

Mr. ENRIGHT. That is my statement.

Mr. EDWARDS. What is needed, what do you propose to shift the balance of power?

Mr. ENRIGHT. I wish I had the answer to that, sir. I think this is what we are all seeking. What the answer is going to be is a variety of things.

I contributed my suggestions here, and again our greatest effort has been due to informers. Some people do not even like the use of, you know, the word "informer" or "informants." But in gathering criminal intelligence——

Mr. EDWARDS. That is rather primitive in itself, though, is it not?

Mr. ENRIGHT. Well, in time of war armies send out spies, and this is what it amounts to. We are fighting a war here, and this is one method of countering it. Any intelligence we can gather on the enemy is helpful.

Mr. EDWARDS. How about the use of electronic equipment, bugging, or wiretapping, this sort of thing; would this serve the purpose?

Mr. ENRIGHT. To a limited degree we do use some types. We are allowed to use certain types of electronic devices. This is, of course, within the laws that we are able to use this, I mean what the laws set forth.

Usually it is the monitoring of conversation with the permission of one of the parties. This is the basic type.

Mr. EDWARDS. Well, should the law be expanded? Would it help you if the wiretapping or bugging laws were expanded in any way?

Mr. ENRIGHT. Well, I would like to see a clarification of the laws. I think that, speaking from the enforcement viewpoint, I think it is quite obvious that any additional tools that you have would be helpful, including being able to tap a telephone. But, of course, there are other considerations involved here beyond the needs of enforcement.

Mr. EDWARDS. Let us put it another way. As I understand it, the President's safe streets and crimes bill has proposed that wiretapping and bugging only be allowed in the case of a national emergency—in the case of national security. Would that restrict your operation?

Mr. ENRIGHT. No, sir; it will not because we have not been doing it.

Mr. EDWARDS. Can you make a case for the national security in view of the fact that some of these criminals are involved in many legitimate businesses, involved in government agencies, involved in international operations; can you tie their operations or the network to national security in any way?

Mr. ENRIGHT. Well, this again, I suppose, we first have to define the national security, and whether this is a threat to national security. It is certainly a threat, I concede.

In answer to your statement or your question, rather, no, we have never done this.

Mr. EDWARDS. Do you maintain any kind of a central card file of criminals engaged in the drug traffic?

Mr. ENRIGHT. Yes, sir.

Mr. EDWARDS. Is it shared with other agencies?

Mr. ENRIGHT. It is shared with other—well, there are two types of files we keep. First of all, we have our criminal files which would—which are and will be available to enforcement agencies upon their request.

In addition, we maintain a file on the addicts in the United States, which again is shared.

Mr. EDWARDS. So, as I understand what you have been saying, information is available to another agency on request unless you—

Mr. ENRIGHT. If it is not—excuse me, sir. Go ahead.

Mr. EDWARDS. Unless you get information that is not necessarily pertinent to your operation but you know is pertinent to theirs, and you arbitrarily pass that on to them.

Mr. ENRIGHT. Yes, sir.

Mr. EDWARDS. But generally, other than that, they have to ask you, they come to you and say, "Do you have anything on Joe Blow?" And you look in your cards and pass on what you have; is that a fair statement?

Mr. ENRIGHT. That is a fair statement; yes, sir.

Mr. EDWARDS. You do not have any—there is no central filing system, we will say, in the Justice Department or any other agency where all of this information is brought together from all of the investigative agencies?

Mr. ENRIGHT. Yes, there is. From our standpoint there is because we provide the Department of Justice with a copy of every case report on every criminal case that we make.

Mr. EDWARDS. Do you know—

Mr. ENRIGHT. They receive a copy of the case report.

Mr. EDWARDS. Do you know what they do with it?

Mr. ENRIGHT. No, sir.

Mr. FASCELL. We probably have some more questions, Mr. Enright, but we have another witness here, and we would like to move on to him.

Mr. Rothenberg has a question that Mr. St Germain requested him to ask.

Mr. ROTENBERG. Mr. St Germain would like to know what these convicted criminals are doing, those who are on the list that you submitted, who are now out of jail.

Mr. ENRIGHT. It is an excellent question, sir.

Some of them, I suppose, are engaged in criminal pursuits of various types, including narcotics, and if they are we hope to apprehend them.

Mr. FASCELL. OK. Thank you very much, Mr. Enright and Mr. Miller.

Mr. ENRIGHT. Thank you, sir.

Mr. FASCELL. I appreciate your time and your contribution to this study by this subcommittee.

We would like to call up Mr. Lawrence Fleishman, Assistant Commissioner, Office of Investigations, Bureau of Customs.

Mr. Enright, we may want to submit some questions to you for the record.

Mr. ENRIGHT. I would be please to answer them.

Mr. FASCELL. All right. We will get them to you just as quickly as possible and keep the record open for that purpose.

Mr. FASCELL. Mr. Fleishman, I am very happy to have you here. You have a prepared statement and you may proceed.

STATEMENT OF LAWRENCE FLEISHMAN, ASSISTANT COMMISSIONER, OFFICE OF INVESTIGATIONS, BUREAU OF CUSTOMS

Mr. FLEISHMAN. Thank you, Mr. Chairman.

It is a privilege for me to testify before your committee today both as the representative of the Commissioner of Customs, speaking for the Bureau of Customs, and as the Assistant Commissioner who heads the Office of Investigations which has direct supervision over the investigative field staff known as the Customs Agency Service. The Office of Investigations is charged, within the Bureau, with the responsibility of all investigative activities.

The customs service is the oldest law enforcement agency in the Federal Government. Its basic task is that of enforcing the Tariff Act and related statutes which have been passed from time to time by Congress. The vast bulk of the activities of the Bureau of Customs relates primarily to the routine of the proper assessment and collection of customs duties. Growing out of this, however, are the cases, both criminal and civil, which arise from violations of the tariff and related laws. Speaking of related laws, Customs, as the guardian of the frontiers, is responsible for law enforcement in such diverse areas as the export controls, the foreign assets controls, the gold regulations, the atomic energy controls, the neutrality laws, which brings it within the field of enforcing the laws concerning the illegal international traffic in arms and munitions of war, and many other Federal laws.

Mr. Chairman, at this point I would like to digress just a moment and take this off the record.

(Discussion off the record.)

Mr. FLEISHMAN. At one end of the scale of our law enforcement operations is the individual who engages in petty smuggling or who falsely describes a minor amount of merchandise, or undervalues it. On the other end of the scale are criminal cases involving the smuggling and undervaluation of goods worth hundreds of thousands of dollars or more, and smuggling efforts involving very large quantities of narcotics and marihuana, and in recent years, the smuggling of so-called dangerous drugs.

The subject into which your committee is inquiring today has to do with the words "organized crime." In a sense, almost all of the large cases which we handle, involve organized crime. Such cases involve conspiracies between exporters and importers, and often our completed investigations disclose the participation of many people, some of whom by superficial indications, at least, appear to be highly respectable. The sense of "organized crime" with which your committee is probably primarily concerned, however, involves the racketeer, the member of the so-called Cosa Nostra or the person who makes a business of crime. Many of these also come our way.

The basic approach of the Bureau of Customs is to apprehend and deal with all significant violators of the laws which it is our duty to enforce. In doing so, we, of course, come across many situations involving crime by people who are not truly professional criminals. On the other hand, our investigations of violations disclose many situations where there is real involvement with "organized crime."

The narcotics and marihuana traffic is the single area in which the involvement with organized crime is the greatest. At this point, I should inform the committee that the arrests and seizures which the Bureau of Customs has been making during this fiscal year in connection with the illegal importations of narcotics and marihuana stand at an alltime high. We believe that this record of law enforcement reflects well on the activities of our people. We feel that they have been alert, efficient, and effective.

On the other hand, I should disclose that I, and those like me, who are concerned with this matter, believe that the high rate of arrests and seizures must also reflect an increased traffic in both narcotics and marihuana.

Mr. FASCELL. Mr. Fleishman, right at this point, you disagree very sharply and strongly with the previous testimony.

Mr. FLEISHMAN. I wouldn't say I disagree with it sharply. I would say this past year we have had what I would consider to be outstanding results. For example, in the field of marihuana alone, we have had, last year, let's say approximately 6 tons which we seized. This year up through the end of May we had over 12 tons. We feel that by the end of June this will probably run around 13 tons or maybe slightly more. Now this is on the Mexican border.

Mr. FASCELL. I don't know if anybody else is having trouble reconciling the testimony but I am having a little difficulty with the Bureau of Narcotics saying that the number of addictions and the use and traffic in the drug has dropped sharply and remarkably, and, with your testimony, which says that you have the highest year of convictions and seizure of heroin which means that there is an increased traffic in both narcotics and marihuana.

Mr. FLEISHMAN. We have not got the highest volume of heroin this year over previous years. There have been other years in which we have gotten a greater volume but we have got a greater volume this year than we did last year, and we had an increased number of seizures. Some of the seizures were smaller but we have had some substantial cases.

Mr. FASCELL. But you don't back down from your statement that there is increased traffic in both narcotics and marihuana?

Mr. FLEISHMAN. From our point of view I would have to say this.

Mr. FASCELL. From your point of view. OK, go ahead.

Mr. FLEISHMAN. One of the well-known problems in narcotics and marihuana law enforcement is that the person who is caught in the first instance is likely not to be the person who is the ringleader in the criminal activity. We find, for example, that very often the smuggler whom we arrest is a person who, for a small payment, has undertaken the risk of carrying contraband across the border or into our seaports or airports.

Because of our awareness that this is often so, the Bureau of Customs, working in cooperation with the Bureau of Narcotics, and frequently with the cooperation and assistance of other Federal as well as State and local police agencies, has devoted a serious, persistent effort toward following these shipments to their destinations. We have, for example, been able to follow such narcotics or marihuana through the hands of the smuggler to the person to whom he intended to make delivery, and sometimes to trace them beyond that person to a second or even to a subsequent recipient with ensuing arrests and convictions.

Illustrations of such cases involving persons in organized crime include that of Joseph Stassi, Sr., a New York and New Jersey gangster and racketeer. Stassi's difficulties with customs resulted from our arrest of a woman carrier who worked for him. She smuggled in 22 pounds of pure heroin. Stassi and five of his criminal associates were convicted, receiving sentences up to 20 years. Moreover and of importance is the fact that even his French supplier was arrested in France.

Another case involved the smuggling of 76 pounds of pure heroin by a group of French Canadians headed by Lucian Rivard, a Canadian racketeer and gangster. In addition to the man and wife carriers, Rivard and five of his coconspirators were convicted and sentenced up to 20 years in jail. By the way, I would like to state here that this case originated again on the Mexican border. The two carriers came down from Canada through the United States into Mexico, picked up the stuff and were coming back and were caught at Laredo.

Still another case involved the seizure of 61½ pounds of heroin from an Air France steward. This brought about the carrier's conviction and that of John S. Nuccio, a notorious leading figure in racketeering and gangster circles in and around New York and New Jersey. We can detail a large number of similar cases, but these will illustrate that many of our efforts at convicting the important criminal figures, not merely the small fry, have been successful. When we can do this, we know that we are making an impact on organized crime because at these high levels, the individuals involved are truly persons of importance in the upper echelons of "organized crime."

For your information and ready reference, there is attached hereto a description of each of the three above-cited cases.

Your committee has expressed an interest in the degree of cooperation between our agency and other agencies. I am pleased to be able to report to you that this cooperation has been excellent. Investigators of the Bureau of Customs have been working in cooperation not only with our fellow agencies in the Treasury Department, but also with the agencies in other Federal departments. I should stress that we enjoy mutual cooperation with State and local police authorities, particularly along our southern and northern borders and in the major cities where a great deal of our investigative activities are centered. This cooperation and mutual assistance has been both fruitful and important. Nor is the cooperation which we received limited to that of domestic agencies. We are frequently indebted to the Royal Canadian Mounted Police and other Canadian authorities, and to Mexican authorities for significant assistance.

Your committee has asked that we advise you of the relationship between the Bureau of Customs and the Criminal Division of the Department of Justice and its Organized Crime and Racketeering Section. The Criminal Division, of course, coordinates all criminal actions in the Federal courts. Our relationship with that Division has been of the highest order. As the investigatory agency within our field, we prepare the factual basis of the cases and the Criminal Division, together with the U.S. attorneys whom they coordinate, work hard and well to secure criminal convictions. I have thought earnestly about the question which you have put to us concerning the possibility of improvement of our mutual efforts and I am frank to say that I know of no significant suggestion which I can make. The principal difficulty which occasionally does arise in connection with the prosecution of criminal cases is that sometimes they are not brought to trial as promptly as we could wish. I am confident, however, that this is the same feeling of the Criminal Division and of the individual U.S. attorneys. I am sure, however, that the delays stem principally either from the condition of court calendars, the heavy workload of a particular U.S. attorney, or delaying tactics by defense counsel, and do not arise because of any failure of cooperation.

The Bureau of Customs has from time to time been requested to act in conjunction with the Organized Crime and Racketeering Section in particular matters. It has been happy to do so. Not long ago, for example, making use of their unique position on the waterfront, customs investigators cooperating with agents of the Internal Revenue Service participated in a lengthy investigation of waterfront gambling. I am pleased to report, and I am sure the Internal Revenue Service will agree, that the investigation from their point of view was successful and led to the arrest of important violators.

In reporting these matters to you, I do not wish to display any complacency. I can say, however, that we are working hard and diligently, and I am proud to say that the result reveals a considerable degree of success in seizing contraband, apprehending violators, and securing evidence sufficient to lead to the conviction of those who violate the laws which we are charged with enforcing.

For your information, there is attached hereto pages 7 and 8 of my annual report to the Commissioner for the fiscal year 1966, showing our cooperation with other agencies.

There is also attached hereto a set of comparative statistics showing seizures and arrests for the fiscal years 1965 and 1966. We, of course, do not yet have a compilation for fiscal year 1967. However, I can state that the results surpass fiscal year 1966, in which year we had obtained the best results up to that time. An example of the results obtained during the current fiscal year is our seizures of marihuana which, up to the end of May, were more than double those of the entire fiscal year of 1966. The actual figures are: Fiscal year 1966, 10,411 pounds; this is on the Mexican border primarily. Fiscal year 1967, up to the end of the month of May, 22,350 pounds. During the month of May, we seized approximately 3,000 pounds.

I will be glad to try to answer any questions you may have. Thank you very much for your attention.

(The information mentioned above follows:)

JOSEPH STASSI, AND OTHERS

On November 6, 1962, customs agents at McAllen, Tex., acting on information, detected 22 pounds 8 ounces (10.32 kilos) of 98-percent French heroin in a suitcase which had been brought from Mexico by Adela Castillo de Gomez, of Monterrey, and checked to Houston by bus. The officers followed it there, and when she made delivery the following morning to Milton Abramson, the two violators were arrested. They both agreed to cooperate, and were protected over an extended period.

A nationwide investigation identified the head of the ring as Joseph Stassi, Sr., a New York racketeer previously known as a gambling operator. With him were associated Kenneth Latei, Vincent Ferrara, Antonio Granza, and others. His supplier was identified as the notorious Paul Mondoloni, who had been condemned to death in France in absentia for collaboration with the Nazis, and had later organized the million-dollar jewel robbery on the Riviera of the Begum Aga Khan. Mondoloni had worked through a Mexican named Jorge Moreno Chauvet, who in turn had used as middlemen a Cuban named Guillermo Oliveira and his wife Emma, an American. Besides Adela Castillo they had used as couriers a Mexican named Oscar Hemkin, and several women.

Later disappeared from his usual haunts shortly after the seizure; in March 1967, his body was found in a secret grave in New Jersey. Adela Castillo was sentenced to serve 3 years. She testified against Oliveira and his wife, who received respectively a 20-year sentence and a suspended 10-year sentence. However, she refused to testify against Granza and Ferrara, even though granted immunity, and received an additional 90-day sentence for contempt. They were nevertheless convicted in September 1964; at last report they were free on appeal bonds. Another associate named Archie Randazzo was not prosecuted with them because he had just been accorded a 15-year State sentence arising from an earlier delivery. Abramson, who had been sentenced to serve 16 years, testified against the other defendants.

Jorge Moreno remained beyond reach in Mexico, but was arrested there in possession of 20 kilos of heroin. Mondoloni returned to France, but in 1966 the French police sent an officer to the United States with a rogatory commission. A French-speaking customs officer was commissioned by the court to take testimony thereunder, and accompanied the French officer to various prisons, where lengthy depositions were obtained. As a result, Mondoloni was arrested in France about 6 months ago. The disposition of his case is unknown.

Stassi himself was fugitive for about 3 years. Toward the end of that period, in December 1965, and February 1966, his son Joseph, Jr., and two brothers were twice arrested by the police in North Bergen, N.J., for running an abortion mill which was handling 300 women a month. On January 25, 1966, the FBI arrested Joseph, Sr., in a motel at Pompano Beach, Fla.; he posted \$150,000 bail.

In subsequently searching those quarters, custom agents found lodged in the toilet trap several incriminating documents, including a passport obtained by

fraudulent representations and issued in a name he had sworn at arraignment he had never used. This brought an indictment for perjury as well as that on the narcotic charge. At his 4-week trial on the perjury charge, held in Miami during January 1967, the evidence from the toilet was suppressed on the ground that having paid 3 months' advance rent for the motel room, Stassi was still in control of it, and the search was illegal, even though a relative had removed all his possessions. He was nevertheless convicted, but his bail was continued pending appeal.

Shortly after the arrest, custom agents had learned that Stassi was urgently expecting a letter from New York, and when it arrived they obtained it under a search warrant, finding in it two safe-deposit-box keys. Checking of the camouflaged return address on the envelope revealed that the letter had been sent by Joseph, Jr., who was thereupon arrested in his apartment as an accessory after the fact. In the apartment the officers found \$5,200 in cash and more deposit-box keys. Five boxes were identified, and were opened under search warrants. One held under Stassi's own name was empty, but the others contained a total of \$214,010 in cash. Both lots of cash were turned over to the Internal Revenue Service against jeopardy assessments.

On February 27, 1967, Stassi went to trial in Corpus Christi on the heroin conspiracy charge, and on March 14 the jury took only 37 minutes to reach a guilty verdict. He remained on bail for sentencing on April 11, but just before that date the verdict was set aside on the ground that deputy marshals maintaining custody of the jurymen during the trial had been unduly friendly with them. No date for a new trial has been set.

LUCIEN RIVARD AND OTHERS

On October 10, 1963, customs and agriculture officers at Laredo, Tex., found 76 pounds one half ounce (34.49 kilos) of substantially pure French heroin concealed under the rear seat and in the door panels of a car driven by Joseph Michael Caron, who was accompanied by his wife Ida and two children, all Canadians. Although a lawyer was sent from Montreal to threaten him with death if he talked, he was persuaded to cooperate. A major consideration was the protection of his family over an extended period; and following his own plea of guilty it was also deemed necessary to shift him several times from prison to prison.

Investigation disclosed that the leader of the gang was Lucien Rivard, a Montreal gangster and political figure connected with the notorious Cotroni mob, and also with top officials in the Canadian Government. He too had dealt with Stassi's suppliers Mondoloni and Moreno, and had used as carriers Charles Emile Groleau, Julien Gagnon, Raymond Jones, and Roger Beauchemin. Of several previous deliveries, two were known to have aggregated 152 pounds.

Rivard, Groleau, Gagnon, and Jones were arrested, and an extradition order obtained, but execution was stayed to allow for appeal. During the stay period the executive assistant to the Commissioner of Immigration offered the Montreal lawyer representing the United States a \$20,000 bribe if he would withdraw his objection to allowing Rivard release on bail. This offer was refused and reported. Shortly thereafter Rivard and another prisoner engineered a jail break and disappeared. There ensued a lengthy investigation by the Chief Justice of Quebec, leading to the resignation of the Minister of Justice, the parliamentary secretary to the Prime Minister, and several other prominent officials. Raymond Denis, who had offered the bribe, was brought to court, but a mistrial was declared, and subsequent developments are unknown.

The appeal having failed, Gagnon, Groleau, and Jones were extradited on June 18, 1965. On July 16 Rivard, who had grown a beard and dyed his hair black, was discovered at a resort near Montreal, and was likewise extradited. Information developed in the case led to the arrest in Mexico of Jorge Moreno Chauvet, as mentioned in the account of the Stassi case.

The trial of the four from Canada was held during September 1965 with Joseph and Ida Caron and Roger Beauchemin, among many others, testifying for the Government. After 2 hours 45 minutes of deliberation the jury found all defendants guilty. Motion for a new trial was denied on November 12, following which Judge Ben C. Connally imposed on Rivard two concurrent 20-year sentences, with a \$20,000 fine. Gagnon and Jones received 15-year sentences, with fines of \$10,000 each; Groleau, 12 years and \$5,000.

The recipient of the various lots of heroin had been identified as James J. Miller, operator of a beauty parlor in Bridgeport, Conn. who was also a friend of Joseph Stassi. For technical reasons he was brought to trial separately, beginning on May 3, 1966. During the succeeding month testimony by Government officers and the Carons demonstrated several attempted alibis, and on June 2 a jury found him guilty after deliberating 1 hour 8 minutes. He was sentenced to serve 10 years, but at last report was free on an appeal bond.

JOHN S. NUCCIO AND OTHERS

On January 29, 1965, a customs inspector at New York found 6 pounds 9 1/4 ounces (a little over 3 kilos) of 92-percent heroin under the lining of a suitcase carried by Georges Henripiere, an Air France steward. He was persuaded to cooperate, and over a 17-month period was protected in hiding. As a result of his assistance, customs agents during the following December and January arrested John S. Nuccio, a "don" of Cosa Nostra; Rosario Lupo; and Willie Wolfe, also known as William Cucurato; as well as two other persons who were not charged.

All were convicted following a 2-week trial in which Henripiere testified that he had made 14 2-kilo deliveries to Wolfe and four or five to Lupo, and that on 15 or 20 occasions Nuccio had given him packages of cash in amounts of \$20,000 to \$70,000 to be taken back to Paris. On June 10, 1966, Nuccio and Lupo were sentenced to serve 15 years, with fines of \$10,000 and \$5,000, respectively; and Wolfe to serve 12 years, with a \$1,000 fine. In imposing these sentences, Judge L. F. Rayfield made scathing comments on the individual defendants.

At last report Nuccio and Lupo were free on appeal bonds of \$100,000 each, but Wolfe was afraid to post bail because the trial had revealed that he had been stealing from the parcels of heroin; consequently he was in fear for his life. Henripiere, who had pleaded guilty before the trial, was accorded a suspended 2-year sentence, and deported to France.

COOPERATION WITH OTHER AGENCIES

The following table indicates in statistical form the extent of the cooperation accorded to other agencies, domestic and foreign:

	Cases referred by Customs	Cases in which assistance rendered by Customs
U.S. Treasury Department:		
Coast Guard.....	80	71
Foreign Assets Control.....	30	66
Internal Revenue.....	242	199
Narcotics.....	373	366
Secret Service.....	156	142
Miscellaneous.....	4	5
Other Federal departments and agencies:		
Agriculture.....	145	48
Commerce.....	47	81
Defense.....	133	243
Health, Education, and Welfare.....	54	29
Interior.....	3	11
Justice.....	75	332
Post Office.....	64	61
State.....	39	111
Federal Bureau of Investigation.....	284	311
Immigration.....	250	352
Sundry agencies: Central Intelligence, Civil Service, Federal Aviation, Federal Communications, Federal Trade, General Services, Maritime Administration, Maritime Commission, Panama Canal, Selective Service.....	79	114
City, county, State police and sheriffs.....	680	506
Other State and local officers.....	508	436
Foreign customs, police, consuls, etc.....	394	779
Total.....	3,640	4,298

Space permits the mention of only a few specific instances in which cooperation was accorded. An unusual one, carried out by agents in Miami at the request of authorities in Venezuela, was the checking of manufacturers' and State registration records of motor cars, 1,500 of which were illegally imported into that country during the past several years.

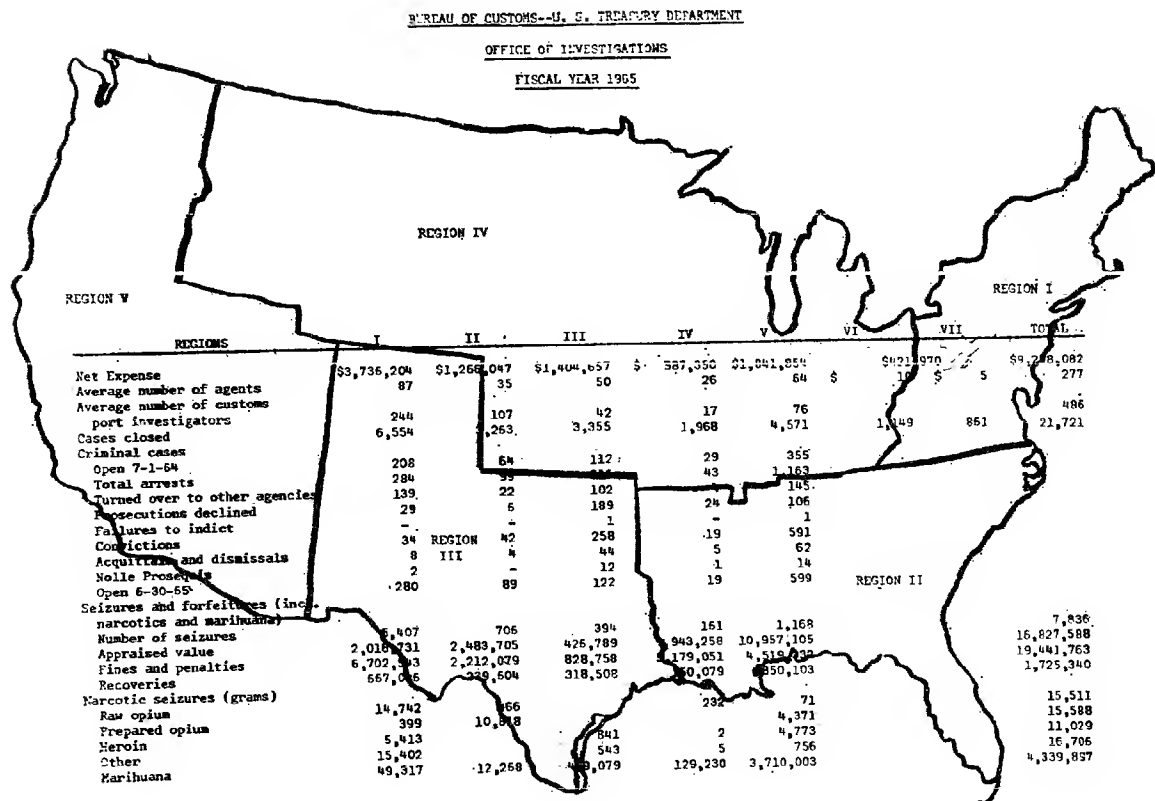
Investigating narcotic suspects, agents in El Paso obtained from three Black Muslims the key to a bus station locker containing \$11,760 worth of money orders and stamps stolen from a post office in Philadelphia. In another instance an undercover customs agent made a buy of \$20,000 in counterfeit money which a cafe proprietor in San Diego was keeping in the vault of a building formerly used as a bank.

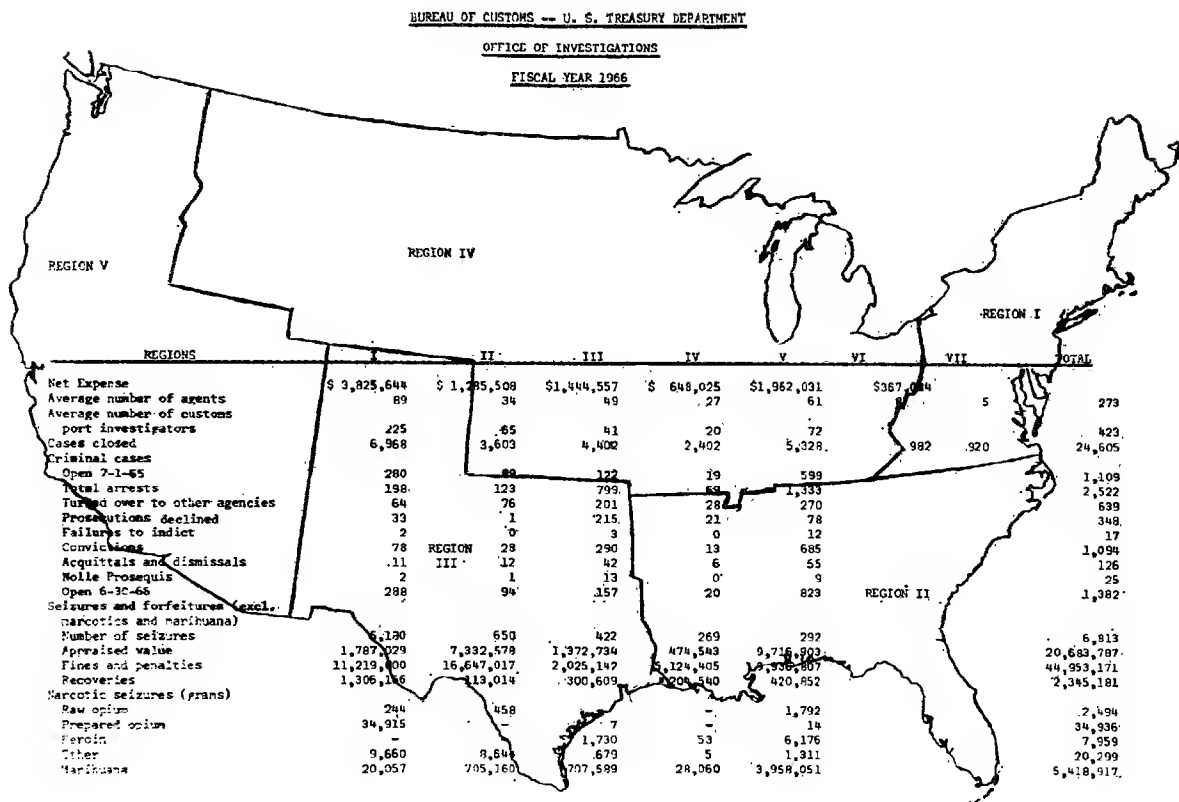
Cooperation extended to the German police by a customs representative in Frankfurt resulted in the successful prosecution of a counterfeiting ring and two gangs of burglars. The police acknowledged this assistance in a special letter of appreciation.

Investigation at Douglas, Ariz., disclosed that a woman operating a customs brokerage office under power of attorney was certifying false weights of imported cattle, to the detriment of buyers. While there was no customs offense, the Department of Agriculture suspended her license to operate under the Packers and Stockyards Act, and her principal closed the brokerage office.

On April 22 customs agents at Nogales arrested Jack Lute, a well-known "con" man, for smuggling two bars of "platinum," actually tin and lead, which he had sold to a New Jersey lawyer for \$52,000. On May 5 a Los Angeles customs agent helped a police detective arrest three men in possession of 1,007 ounces of silver bars legally imported from Canada, which they were trying to sell as platinum smuggled from Mexico.

Other sections of this report describe many cases in which success was dependent on the cooperation received from other organizations. A list of these would be lengthy, but at the risk of a little duplication it is believed special mention should be made here of the invaluable aid received from many police departments in pinpointing narcotic smuggling suspects; of our close liaison with Food and Drug authorities in efforts to suppress the smuggling of dangerous drugs; of the indispensable assistance supplied by the Mexican authorities in prosecuting Henry Brulay, the wholesale smuggler of dangerous drugs; of the enthusiastic cooperation of the Japanese police in gold export cases and various other matters; and finally, of the continuing and extensive aid rendered by the Royal Canadian Mounted Police in such matters as the successful conclusion of the Rivard heroin smuggling case, the campaign against pornographic material, and the Empire Linens case which involved the wholesale smuggling of Communist Chinese products.





Mr. FASCELL. Mr. Fleishman, do you have any comparable figures to the one you just quoted with respect to the seizure of heroin?

Mr. FLEISHMAN. Yes. I would have to find it, Mr. Chairman.

Mr. FASCELL. OK. We will give you a chance to do that and supply it for the record, if you will.

Mr. FLEISHMAN. I will supply it.

(The information referred to above follows:)

Seizures at ports and borders

[1,000 grams = 1 kilogram = 2.2046 lb.]

	Fiscal year 1965		Fiscal year 1966		Fiscal year 1967 (to Apr. 30)	
	Number of seizures	Grams	Number of seizures	Grams	Number of seizures	Grams
Heroin.....	235	10,938	182	7,959	191	31,554
Raw opium.....	11	15,511	7	2,494	9	2,036
Smoking opium.....	16	15,588	5	34,936	5	2,380
Other narcotics.....	232	16,706	313	20,299	249	14,688
Marihuana.....	685	4,629,745	699	4,722,481	841	8,785,886

Mr. FASCELL. Is it your opinion that the figures would follow the same order of growth as with respect to the seizure of marihuana?

Mr. FLEISHMAN. No, sir. I wouldn't say that. I believe I stated before that we have made additional seizures this year.

Mr. FASCELL. And they were up over last year?

Mr. FLEISHMAN. The number of seizures and the actual total quantity was up over last year.

Now this may be because——

Mr. FASCELL. But was not your highest year of all times?

Mr. FLEISHMAN. No, sir; because a high year you might have one extremely good case, for example, in the Rivard case where we seized 76 pounds in one load. Now 76 pounds of pure heroin is a tremendous quantity.

We participated, for example, in a couple of cases a few years ago in New York with the Bureau of Narcotics in one of their cases there were a couple of hundred kilos seized in two separate seizures. When you are getting into this you are getting into tremendous quantities of heroin. The next year you might make as many or more seizures, but you might not make even one very large substantial one.

Mr. FASCELL. Can you tell us about two of your patrolmen——

Mr. FLEISHMAN. They were Bureau of Immigration.

Mr. FASCELL. Recently killed?

Mr. FLEISHMAN. Southern California.

Mr. FASCELL. Right.

Mr. FLEISHMAN. The last killing we had was in Brownsville, Tex. He was killed by a smuggler.

Mr. FASCELL. And most of the smuggling operation is through Canada or Mexico because of the border?

Mr. FLEISHMAN. Most of our heavy operation is on the Mexican border, because of the availability of the drugs and marihuana in Mexico. We don't have too much trouble on the Canadian border.

Mr. FASCELL. Heroin is refined principally in France and brought to Mexico for smuggling into the United States?

Mr. FLEISHMAN. A great deal of it through that channel. But they do raise a certain amount of opium in the Western States in the remote valleys and on the mountain slopes, a percentage of which is refined into heroin and smuggled or attempted to be smuggled into the United States.

Mr. FASCELL. Mr. Edwards?

Mr. EDWARDS. Thank you.

I was looking over your two maps.

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. You have maps for fiscal year 1965 and fiscal year 1966.

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. Directing your attention to——

Mr. FLEISHMAN. These maps, by the way, Mr. Edwards, were merely set on, superimposed over, these figures to show that these are the five regions into which we are divided for enforcement purposes and investigative purposes.

Mr. EDWARDS. All right.

Let's look at the average number of port investigators, that would be item No. 3, do you see that on the map? Looking down your left-hand column, you have net expenses, average number of agents.

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. And then you have average number of customs port investigators.

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. I notice that in region one you have had a decrease there from 244 to 225. Region two is about the same. Region three is down a little. Region four is about the same. Region five is down some. Is there any particular significance there?

Mr. FLEISHMAN. The significance is primarily in our difficulty in recruiting.

Mr. EDWARDS. You mean you have positions open for which you are unable to find investigators?

Mr. FLEISHMAN. We don't have any problem in filling customs agents positions because that is the top echelon position. Customs investigator or customs port investigator is a new title for a position which we adopted several years ago following the change that was made in organization. They used to be called customs enforcement officers. We still have a few remaining customs enforcement officers. But they changed the title to customs port investigator, and they raised the standards several years ago.

This is the prime recruiting ground for customs agents. We get them primarily from the customs port investigators.

Now this year we have done a little bit better, and we were stopped for financial reasons during the year for a very brief period of time but we have renewed our recruiting of customs port investigators, and our figures are going up again.

Mr. EDWARDS. If I am not mistaken, didn't you request an increase in numbers of——

Mr. FLEISHMAN. Positions, yes, sir.

Mr. EDWARDS. In numbers of positions? I don't remember what we did on the floor. It seems we cut that back a little, didn't we?

Mr. FLEISHMAN. I don't know, I haven't seen the bill this year but I believe you were somewhat liberal.

Mr. EDWARDS. I suppose I speak for the chairman as well as myself, coming from port cities, I think we appreciate the real great need for good customs work.

Would you speak for a moment to the question of the structure of your particular agency, the upper echelon?

Mr. FLEISHMAN. The whole thing?

Mr. EDWARDS. The upper echelon. How is it structured?

Mr. FLEISHMAN. We have, to start off with, a Commissioner of Customs. He is appointed. We have one Deputy Commissioner. We have four Assistant Commissioners, and under each of the four Assistant Commissioners we have the various division chiefs. For example, myself, I have four divisions under me.

Mr. EDWARDS. Now, are any of these upper echelon people political appointees?

Mr. FLEISHMAN. No, sir.

Mr. EDWARDS. They are all career people?

Mr. FLEISHMAN. Every one, including the Commissioner.

Mr. EDWARDS. In times past, in the port cities, you have had what, a collector of customs?

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. Who were political appointees?

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. It is my recollection that all or some of those have now been done away with?

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. Which is it, all or some?

Mr. FLEISHMAN. Well, some have been retained in various capacities. Some have been made district directors. Maybe I should go into the structure of our field organization. As you point out we used to have collectors of customs.

Mr. EDWARDS. That position has been abolished; is that correct?

Mr. FLEISHMAN. By the President's reorganization.

Mr. EDWARDS. Yes, sir.

Mr. FLEISHMAN. What were formerly known as customs collection districts are now also customs districts, but we now have nine regional commissioners, we have nine regions, each of which is headed by a regional commissioner.

Mr. EDWARDS. Is he political or is he career?

Mr. FLEISHMAN. No, sir; it is entirely a career service.

There is one regional commissioner who is a former collector. That is General Hufft at New Orleans. Regional Commissioner Stramiello is the former U.S. appraiser at New York.

Mr. FASCELL. Will the gentleman yield right there?

Why do you have nine regional commissioners or districts?

Mr. FLEISHMAN. Nine regional commissioners.

Mr. FASCELL. Right.

Mr. FLEISHMAN. Under the regional commissioners we have 42 districts.

Mr. FASCELL. OK.

But you only have five regions for investigative purposes?

Mr. FLEISHMAN. Yes, sir.

Mr. FASCELL. So your investigation has no relationship to the regular operations?

Mr. FLEISHMAN. No. We are a separate organization within the Bureau of Customs for investigations and enforcement only.

Mr. FASCELL. Operating out of Washington?

Mr. FLEISHMAN. Out of Washington with five regional offices in the United States headed by supervising customs agents. In addition we have two foreign regions.

Mr. FASCELL. Where does the regional commissioner, one of these nine, fit in in this chain of command, if he does?

Mr. FLEISHMAN. He doesn't have any chain of command there. The supervising customs agents report directly to me.

Mr. EDWARDS. Let's talk then——

Mr. FASCELL. Thank you.

Mr. EDWARDS. Sure—about the relationship between the Justice Department's Organized Crime Section and other agencies. You characterized in your statement, as I recall it, the relationship was good and I am glad to hear that. But I am interested in a little more depth to that answer. What does transpire between your agency and the Justice Department on a regular basis? Do you exchange information and if so, what? Just what do you exchange?

Mr. FLEISHMAN. Well, to start off with we have a liaison officer in my office, he is one of my division heads, who is liaison officer to the Organized Crime Section. Like most of the other Treasury—I think like all of the other Treasury investigative agencies we have a man assigned to the Organized Crime Section at the present time. He is also one of my division heads.

Mr. EDWARDS. You mean he actually works in their office?

Mr. FLEISHMAN. On a task force which they have working at the present time that you may know about.

Mr. EDWARDS. Yes.

Mr. FLEISHMAN. We also furnish Organized Crime any information or intelligence which comes our way, and they frequently notify us of matters of special significance or interest to us. They would immediately notify us. We think we work very closely with Organized Crime. We have——

Mr. EDWARDS. Not with organized crime, but in trying to eradicate it, I am sure you mean?

Mr. FLEISHMAN. Organized Crime Section of the Department of Justice, sir.

Mr. EDWARDS. How long has the task force been in operation or in existence?

Mr. FLEISHMAN. I think this thing has only been going on for about 6 months. I think it was more or less a pilot study they were making as to the desirability and effectiveness.

Mr. EDWARDS. Is it a day-to-day operation?

Mr. FLEISHMAN. No, sir. It was on at least a 6-month assignment when we put our man over there.

Mr. EDWARDS. And he is still over there?

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. And it is just about over?

Mr. FLEISHMAN. We expect that we are going to be asked to continue this cooperation.

Mr. EDWARDS. Have you seen any reports yet as a result of the task force?

Mr. FLEISHMAN. I have not and I don't believe that it is completed yet because I am sure that I would get it. If I didn't get it any other way I would get it from my man and he would certainly tell me.

Mr. EDWARDS. Does the Bureau of Customs furnish reports to the Attorney General on organized crime matters?

Mr. FLEISHMAN. We don't have a stipulated report or a special report. Anything coming to our attention concerning organized crime and especially you made mention of that list here this morning of racketeers and organized crime, we, of course, have that list also, and anything which comes to our attention or anything of an intelligence value we furnish to them.

Mr. EDWARDS. I will yield the floor now.

Mr. FASCELL. Mr. St Germain.

Mr. ST GERMAIN. Thank you, Mr. Chairman.

On page 4 of your testimony, you say you are pleased to report cooperation with other agencies has been excellent.

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. And you point out the Bureau of Customs has been working with the Treasury and also other agencies and other Federal departments?

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. I am impressed by the fact that you don't mention the FBI in that particular statement.

Mr. FLEISHMAN. Well, we have no complaints about cooperation with the FBI. The FBI regularly, and they have a set procedure which they follow in furnishing us information, they will give us a memorandum, and it is usually attached to a short transmittal memorandum, of any matters which they think should come to our attention or come within our jurisdiction. If it be a matter, let's say, concerning narcotics smuggling they would send us a copy and they would state on it that this is the original and a copy has been sent to the Bureau of Narcotics, or vice versa. They may send us a matter which would be of information to us and they say a copy of this or the original, as the case may be, has been sent, let's say, to the Bureau of Naturalization and Immigration.

Also, the FBI has liaison officers who frequently call on us, if they have any matter of special attention to bring to us. And if we have a question on anything that comes up, which we think we would like to find out what the FBI knows about it or what they can tell us, we get in touch by telephone with one of their liaison officers and he is in our office within a matter of a half hour generally or sometimes less.

Mr. ST GERMAIN. I am very happy to hear that.

In other words, say, on a man like Stassi whose case you outlined—

Mr. FLEISHMAN. Yes sir.

Mr. ST GERMAIN (continuing). In your appendix.

Mr. FLEISHMAN. I would like to tell you that again.

Mr. ST GERMAIN. If I might—just one second.

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. If you were to call the FBI and say "We are investigating this man on a charge, on what we think is a smuggling

charge, what information do you have on him," they, in other words, are very cooperative with you and provide you all the information they have on this particular man that you're investigating at the time?

Mr. FLEISHMAN. I won't say they would give us all the information. There might be some reason why they might not give us all the information. Let's say, for example, we might look for a man on a smuggling case and it is conceivable that they might have something on the same man and it might be, let's say an espionage case or a national security case, in which they may be tied in with one of the other intelligence gathering agencies. In that case they would be precluded from giving it to us. But if it was just an ordinary run-of-the-mill case or ordinary run-of-the-mill matter we would get it.

Mr. ST GERMAIN. Ordinary criminal?

Mr. FLEISHMAN. We would get it, no question about it. As a matter of fact in the *Stassi* case, Stassi was one of our fugitives and the FBI apprehended him for us in Miami.

Mr. ST GERMAIN. I notice that.

On page 5 in the second paragraph, the middle of the page, "the Bureau of Customs has from time to time been requested to act in conjunction with the Organized Crime and Racketeering Section in particular matters." You mentioned in answer to a question by my colleague a little earlier that as of about 6 months ago you had a man assigned full time to the pilot project in progress.

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. However, I got the impression from the Organized Crime Section when their representatives testified that there is supposedly a constant liaison with all of the agencies including your own.

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. At all times, with respect to people suspected of being members of the organized crime syndicate.

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN. As listing of, what was it, 300 or 350 if not more?

Mr. FLEISHMAN. I would say closer to 3,000.

Mr. ST GERMAIN. All right.

And actually has this been going on, have you been working in conjunction with them rather than from time-to-time as your testimony states since the inception of the Organized Crime Section, has this been going on, this informing you of which people they are interested in and asking you for the information you have?

Mr. FLEISHMAN. We have been working with Organized Crime and its predecessor, which dates back to the Eisenhower administration. In those days it was known as the Anti-racketeering Section and their personnel have changed from time-to-time, but I remember when this thing was first set up and I was the supervising agent in the Northeast and I was in New York, in charge of New York at the time, and we had meetings. I also remember having meetings in the U.S. attorney's office in the southern district of New York on this very same subject.

Mr. ST GERMAIN. Excuse me. Let's talk about the present, and what I am concerned about at the present time is do you have a definite procedure and a definite arrangement?

Mr. FLEISHMAN. Yes, sir; we do.

Mr. ST GERMAIN. What is that procedure?

Mr. FLEISHMAN. Anything we get, we have a file in our office, and anything we get of an intelligence nature, we furnish a copy of it, if it be a report, or a letter, we furnish a copy of it with a letter of transmittal to the Organized Crime Section, and this is done frequently.

Mr. ST GERMAIN. Have you issued to the members of your organization guidelines as to this procedure, the fact if John Doe—

Mr. FLEISHMAN. Yes, sir.

Mr. ST GERMAIN (continuing). Working in Corpus Christi, Tex., has reason to believe that John Jones is involved in organized crime, one of the cases he is investigating, then he immediately makes you aware of this so you can then transmit this information to the Organized Crime Section?

Mr. FLEISHMAN. They have this instruction and this is done on a regular basis.

Mr. ST GERMAIN. One other question: I have been given to understand over the past 8 or 9 months or so, in actuality, you are having a problem in covering some of your ports and in properly policing many of the ports of entry. One in particular, I understand, Puerto Rico is giving us a problem or giving you a problem for lack of staff possibly.

Mr. FLEISHMAN. I wouldn't say that. I think we are doing pretty well down in Puerto Rico. We have had a few vacancies down there which we are filling as fast as we can, but I haven't heard, nobody has ever reported to me, that there were any serious problems down there.

Mr. ST GERMAIN. So you are not faced with the situation where the workload is too large for the number of personnel and let's just restrict it to the number of personnel that you have.

Mr. FLEISHMAN. Well, I would say—

Mr. ST GERMAIN. Covering your ports.

Mr. FLEISHMAN. I don't know, now you may be confusing the regular operational personnel with the investigative personnel.

Mr. ST GERMAIN. I am just centering on the investigative personnel.

Mr. FLEISHMAN. I would say we have no particular problem.

Now from time-to-time when we run into a problem or where it appears that the workload would be overly large for the individual agents or customs port investigators, we would move personnel in there.

Like, for example, we moved personnel down to the Mexican border because of the increased workload, and this forthcoming year if we have some additional positions we are going to distribute them amongst—some of them we will make customs agents, some we will make customs port investigators, and the personnel in my particular organization whom I have always considered to be the hardest worked and most overworked are our stenographic and clerical personnel. They are battling it out all the time, and we intended to increase some of that personnel.

Mr. ST GERMAIN. Thank you. Nothing further, Mr. Chairman.

Mr. FASCELL. Mr. Fleishman, the port investigators shown on these two charts are not your people?

Mr. FLEISHMAN. Yes, sir.

Mr. FASCELL. They are your people?

Mr. FLEISHMAN. Yes, sir.

We have under my jurisdiction in the Bureau of Customs approximately a thousand and fifty persons. At the present time we have

around, let's say, 300 customs agents, about 450 customs port investigators, and the balance would be clerical and stenographic and auxiliary personnel.

Mr. FASCELL. You said earlier that there were, a majority of the gunrunning and smuggling was in the Miami area, that is region 2?

Mr. FLEISHMAN. Yes, sir.

Mr. FASCELL. And yet there is a significant drop in port investigators between 1965 and 1966 in region 2.

Mr. FLEISHMAN. This is also a place, that was also an area where we increased our staff a few years ago very significantly, and increased our equipment down there, and our radio facilities.

Mr. FASCELL. So the drop between 1965 and 1966 is not a significant drop. You are getting down to a normal operational level from an investigative standpoint?

Mr. FLEISHMAN. No, sir. We had a little bit of difficulty recruiting down there too, but we are making a comeback on that, too, at the present time.

Mr. FASCELL. Is the increase in the gun smuggling and the operations there due to the lack of your personnel?

Mr. FLEISHMAN. No, sir.

Mr. FASCELL. Or increased traffic or what is it?

Mr. FLEISHMAN. No, sir.

I would say I don't think there has been an increase. We have been very successful in our gunrunning and our arms, munitions cases. This, our basis for success in this, you just don't walk out in the street and catch them running guns. Your intelligence gathering is your most effective weapon. You have to know what you are doing and who you are dealing with and how you are dealing. The example of this is the case you had down in the Florida Keys not too long ago where we arrested, I think, 73 in one group, in an attempt to take a couple of boatloads out. We seized a couple of boats, we seized a considerable quantity of arms and munitions and we seized several cars.

Mr. FASCELL. You know there was a rumor attendant to that particular operation, which went something like the right hand of the Government didn't know what the left hand of the Government was doing. Is there any truth to that?

Mr. FLEISHMAN. Mr. Fascell, take my word for it, we knew what we were doing.

Mr. FASCELL. How about the other agencies, did they know what they were doing?

Mr. FLEISHMAN. I think they knew, too. But this particular operation you are talking about, it started and then it broke off again, and we were on top of it and we knew that thing from every step of the way.

Mr. FASCELL. I am glad to hear that.

Do you have any evidence that organized crime participated in violations concerning gunrunning and gold smuggling, import fraud, things like that?

Mr. FLEISHMAN. That they had participated?

Mr. FASCELL. Yes.

Mr. FLEISHMAN. In the suppression of it?

Mr. FASCELL. Is organized crime in gun smuggling, is organized crime in gold smuggling?

Mr. ST GERMAIN. He thought you said the section.

Mr. FLEISHMAN. No; I would think no.

Mr. FASCELL. Organized crime is not in gun smuggling, gold smuggling, fraud imports?

Mr. FLEISHMAN. This gunrunning, so-called gunrunning, this illicit traffic in international traffic in arms and munitions of war, is mostly made up by patriotic groups of citizens, let's say from Cuba, maybe from Haiti, maybe the Dominican Republic, wherever it may be, there are any number of splinter groups, and these are the people who are most involved in this type of activity.

Mr. FASCELL. But American organized crime is not involved in skinning the profit off of that operation?

Mr. FLEISHMAN. There seems to be no profit in it. In fact it costs them money all the time.

Mr. FASCELL. The man who sells the guns must make a profit.

Mr. FLEISHMAN. Well, the odd-gun dealer, and they have to go around picking up their guns when and where they can. An example of this one is for the Iraqi sheiks, a case which we made in Miami, if you recall that one.

Mr. FASCELL. You mean carrying guns?

Mr. FLEISHMAN. No; they had bought four trucks and they had purchased approximately a \$100,000 worth of arms, and munitions in various parts of the United States, took them down to Miami and were going to have this all over on an Italian ship to take over to Genoa and from Genoa transmit it someplace else.

Mr. FASCELL. Over to the Middle East and it didn't get there?

Mr. FLEISHMAN. This is right.

Mr. Edwards?

Mr. EDWARDS. Well, along the same general line, you seize nonnarcotic drugs, I suppose, occasionally on this?

Mr. FLEISHMAN. Yes, sir; we do.

Mr. EDWARDS. Or perhaps which are misidentified in order to avoid the tariff payment, tagged wrong and this sort of thing?

Mr. FLEISHMAN. We run into the problem again primarily on the Mexican border in the so-called dangerous drugs, amphetamines, and barbiturates, which are exported from the United States. They get down the other side and swing around and are resold or maybe by the same people who ship them out, attempt to smuggle some of them back. Now we get a lot of small petty seizures of this type of thing. But we also get some substantial ones.

Mr. EDWARDS. Can you tie that into organized crime?

Mr. FLEISHMAN. No, sir; I cannot.

Mr. EDWARDS. You haven't been able to make any tie at all on the non-narcotic-type drug?

Mr. FLEISHMAN. No, sir. These are small groups. They are organized, but it is not the organized crime of the nature that you are looking into here today.

Mr. FASCELL. Right on that point, is this same kind of traffic going on with Cuba and the United States?

Mr. FLEISHMAN. No.

Mr. FASCELL. In other words, drugs being bought in the United States and on request mailed to Cuba and then smuggled back into the United States?

Mr. FLEISHMAN. I have never heard of it, Mr. Chairman.

Mr. EDWARDS. Can you supply us with some figures on the smuggling of nonnarcotic drugs?

Mr. FLEISHMAN. We are attempting in our annual report this year to go into this a little closer than we have in the past. It had not been too significant because most of the seizures in the past have been rather small, in which no arrests were made, they were merely seizures. The value was rather small, almost insignificant, because you could take, say, a hundred barbiturates or amphetamine pills, whatever it may be, and you would not have a substantial value. It would be, we would consider it, a petty seizure from our point of view.

But we have made some substantial ones. We had one recently in southern California in which we seized a plane, and we were working with the Los Angeles Police Department. We had the plane which we seized, we made the arrest of the pilot and other occupant of the plane, a substantial quantity of so-called dangerous drugs, and based on what we got at that time, the Los Angeles Police Department were able to pursue it further and they made a seizure of a substantial quantity, I believe in a house and in a garage in the city of Los Angeles.

Mr. EDWARDS. Are you saying then that you really don't have any good breakdown of figures on these seizures?

Mr. FLEISHMAN. Not on the so-called dangerous drugs we do not at this time, but we are hoping to develop figures at this time and we should have it in our annual report which will probably be available sometime in August.

Mr. EDWARDS. I asked you a moment ago about your reports to the Attorney General.

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. I noticed on May 5, 1966, that the President in a memorandum to the heads of the departments and agencies participating in the Federal organized crime drive requested, and I will quote, the agencies "to report periodically in detail to the Attorney General on the progress of its organized crime investigations showing for each current or proposed investigation the planned area of inquiry, the number and type of personnel assigned, and the expected prosecutive potential."

Do you do that through your agency?

Mr. FLEISHMAN. We would do that through the Office of the Special Assistant to the Secretary of the Treasury for Enforcement.

Mr. EDWARDS. And that is done?

Mr. FLEISHMAN. Yes, sir.

Mr. EDWARDS. I have no further questions.

Mr. FASCELL. Mr. St Germain?

Mr. ST GERMAIN. Thank you.

Have you noticed any significant trends in your enforcement activities with respect to the localities of violations and the types of persons involved?

Mr. FLEISHMAN. Of course, each region in the United States has its own particular problems. As I pointed out, the Southeastern part of the United States is particularly—has this particular problem with the international traffic in arms and munitions.

The southern border across the border is where we have noticed a definite change in the trends.

It used to be that southern Texas was our most productive area in the narcotic and marihuana smuggling field. This has changed very drastically in the past few years, and the traffic has increased, just multiplied in southern California. In the past year I have noticed a very definite change in the trend. It used to be that we got violators in southern California particularly who were either Mexican or Mexican extraction, and they were delivering to people of Mexican or Mexican extraction. Then there was a time there when we had a couple of pretty well-organized Cuban groups that were smuggling marihuana across the Mexican border.

But in the past year we have noticed a tremendous increase in the number of Anglo-Saxon names of the violators rather than Mexican, and they are young Americans.

Mr. ST GERMAIN. The ages?

Mr. FLEISHMAN. The ages, I would say we get them from, anywhere from, 18 years of age on up. We had a case the other day where a couple of girls, I don't want to exaggerate the poundage, but if my recollection serves me correctly it was around 245 pounds of marihuana hidden in the car.

Mr. ST GERMAIN. And—

Mr. FLEISHMAN. These are two girls.

Mr. ST GERMAIN. If we could go one step further: Their occupations or vocations, is there any trend there?

Mr. FLEISHMAN. Some of them are college students.

Mr. ST GERMAIN. Do you have a big percentage who are college students?

Mr. FLEISHMAN. I wouldn't say a big percentage, no, sir. Some are, but I would say mostly they are not.

Mr. ST GERMAIN. Tell me, does your bureau use electronic surveillance?

Mr. FLEISHMAN. To a limited degree, yes, sir.

Mr. ST GERMAIN. And do you find that the recent Court decisions tend to hamper your investigations?

Mr. FLEISHMAN. The recent what, sir?

Mr. ST GERMAIN. Court decisions with respect to the use of electronic surveillance equipment.

Mr. FLEISHMAN. No, sir, I can't say that I have. We use them only in the form of a pocket transmitter or receiver, and then only for the purpose of protecting an agent or Government funds. We stay clearly within legal limitations. Use of equipment is always with the knowledge and consent of one or more of the participants. For example, we might have a device in a room to pick up the conversation of a violator but it would be in our room, never in his room. We are extremely careful not to make any illegal use of this equipment.

Mr. ST GERMAIN. Thank you.

Mr. FASCELL. Thank you very much, Mr. Fleishman. We have some more questions which we will probably submit to you in writing so that we can complete the record.

Mr. FLEISHMAN. Thank you sir.

Mr. FASCELL. And we appreciate your cooperation in making that available to us. I want to thank you very much for cooperating with the subcommittee on this study.

Mr. FLEISHMAN. Thank you, sir, it is my privilege.

Mr. FASCELL. Mr. Enright, Mr. Edwards has a few questions he would like to ask you.

Mr. EDWARDS. One question, Mr. Enright: I noticed in the New York Times earlier this month a rather unusual trial going on up in New York where a court in Rome is carrying out part of its trial in the city of New York. The New York Times reported that the Federal Bureau of Narcotics submitted a 10-page report to that tribunal summarizing a statement given to it by Vito Agueci who is a convicted narcotics smuggler, according to the article. Could you make a copy of that report available to this committee?

Mr. ENRIGHT. Yes.

I question whether it is 10 pages long—the report.

Mr. EDWARDS. Whatever it may be.

Mr. ENRIGHT. Yes, sir.

Mr. FASCELL. If you would supply that we would appreciate it, Mr. Enright.

Is that all?

Mr. EDWARDS. That was all.

Mr. ENRIGHT. Yes, sir, we would do that.

(The report referred to above is retained in the subcommittee's files.)

Mr. FASCELL. Once again, thank you very much.

The subcommittee meeting is adjourned subject to the call of the Chair.

(Whereupon at 12:05 p.m., the meeting was adjourned, subject to the call of the Chair.)

THE FEDERAL EFFORT AGAINST ORGANIZED CRIME

TUESDAY, JUNE 27, 1967

HOUSE OF REPRESENTATIVES,
LEGAL AND MONETARY AFFAIRS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m. in room 2247, Rayburn House Office Building, Representative Fernand St Germain presiding.

Present: Representatives St Germain, Edwards (Alabama), and Vander Jagt.

Also present: Charles Rothenberg, counsel; and Millicent Y. Myers, clerk.

Mr. ST GERMAIN. The committee will come to order.

This morning we again resume our hearings on the subject of the Federal effort against organized crime.

This is the third in a series of hearings relating to traffic in narcotics and drugs.

The possible infiltration of the legitimate drug industry and the increased activity in counterfeiting, and the trafficking in stolen drugs by organized crime syndicates is a subject of concern to every man, woman, and child in this Nation, as well as to the people of other nations to which we export drugs and medicines. All of us, at some time or another, depend on the purity and integrity of our drugs and medicines for relief of pain and cure of diseases.

Testimony presented 2 weeks ago in this same room indicated the existence of a grave danger to the lives and health of our population from counterfeit, fake, contaminated, and altered drugs. We have already heard statements which suggested weaknesses in our laws and enforcement machinery with respect to control over the manufacture and distribution of drugs and medicines.

The press is full of stories concerning LSD and other drugs classified as "psychedelics" which are the subject of abuse and which are being obtained illicitly and used with possibly serious harmful effects.

Our witnesses today are Dr. James L. Goddard, Commissioner, Food and Drug Administration, and Mr. John Finlator, Director, Bureau of Drug Abuse Control. We are very interested in the views these gentlemen have on the incidence of drug counterfeiting, hijacking, and alteration, and the extent and scope of organized crime's participation in these activities. We also want to know what the capabilities of the Federal Government are, both in laws and in existing control machinery, to curtail and control these operations.

Another important aspect of our study is to identify problems, difficulties, and obstacles which hinder effective enforcement of present

laws, and to receive suggestions from those persons who are experts in their fields for the improvement of existing laws or enforcement procedures.

Dr. Goddard, we would be happy to have you proceed with your statement as you so desire.

STATEMENT OF JAMES L. GODDARD, M.D., COMMISSIONER, FOOD AND DRUGS, FOOD AND DRUG ADMINISTRATION, U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Dr. GODDARD. Mr. Chairman and members of the subcommittee, with me is Mr. William Goodrich, Assistant General Counsel, Food and Drugs, and Mr. John Finlator, Director of the Bureau of Drug Abuse Control.

I am pleased to appear before this subcommittee to discuss the policies and programs of the Food and Drug Administration as they relate to the Government's effort to combat organized crime in our country. We are aware, as you are, that organized criminal activities pose a continuing threat to the Nation's welfare. In the Food and Drug Administration, we are also particularly aware that these activities pose a specific threat to the public health. Your review, then, of the Federal programs established to counter organized crime is certain to be helpful, not only to the agencies concerned, but to the public as a whole. I hope the testimony today will be useful to the subcommittee in carrying out this work.

Among those accompanying me is Mr. John Finlator, Director, FDA's Bureau of Drug Abuse Control. After I complete my statement, Mr. Finlator will discuss details of his Bureau's operations, which in many instances involve a direct confrontation with elements of organized crime. But first I would like to make a few general observations, if I may.

Although the Bureau of Drug Abuse Control is relatively new within our organization, the Food and Drug Administration's concern with organized crime has a longer history. Since 1958, when the Justice Department's first Task Force on Organized Crime was formed, FDA has cooperated in this effort to sustain a coordinated campaign against such criminals and racketeering.

Our agency, of course, is charged with the enforcement of the Food, Drug, and Cosmetic Act and other consumer-protection measures. Our major responsibilities include such regulatory activities as evaluating the safety and efficacy of new drugs, reviewing prescription drug advertising, monitoring pesticide residues on food crops, checking food products generally to assure their wholesomeness, and carrying out the provisions of the Hazardous Substances Act and the new Fair Packaging and Labeling Act. These responsibilities, I'm happy to say, generally involve no contact with organized crime. For the most part, we are dealing with reputable businessmen in the various regulated industries. But our jurisdiction also extends to the counterfeiting and illicit sales of drugs, and here we do find the professional criminal at work.

The misuse, or abuse, of drugs—the social problem which creates a market for the illicit drug traffic—is not a new phenomenon. As early as 1940, we encountered the indiscriminate use, without medical

supervision, of the sulfonamides, the first of the so-called wonder drugs. They were used in unsupervised treatment of gonorrhea. The FDA responded with steps to curtail the illegal sale of prescription legend drugs.

We did not begin to encounter significant abuse of barbiturates until the end of World War II. Widespread abuse of the amphetamines did not become apparent until about 1950—though there had been some abuse of this drug in various forms almost from the day it was first marketed as the active ingredient in a nasal inhaler in 1932.

As amphetamines became available in other dosage forms—for appetite suppression in obesity, mood elevation, and other legitimate purposes—they also became popular in abuse circles. The early illicit traffic in amphetamines—known as bennies, hearts, co-pilots, pep pills, and by a variety of other names—developed primarily along truck routes; drivers sought the drugs to permit them to stay at the wheel for longer periods of time without rest. In the beginning, we were not aware of any organization to this illegal distribution. Truck stops, filling stations, and other nondrug outlets catering to truckers generally handled small amounts of amphetamines, usually illegally supplied by local druggists or physicians.

The mushrooming market in both the stimulant and depressant drugs, with its promise of lucrative profits, tempted not only the unethical physician and pharmacist, but the hardened criminal as well. Illegal traffickers sought out supply sources capable of diverting large quantities of drugs from legitimate channels of distribution. They began to peddle the drugs on established routes covering many States. They sought other outlets and began to supply illegal amphetamines and barbiturates to bars and night clubs, pool halls, so-called weight-reduction clinics, and street peddlers.

Despite our awareness of a growing problem, we were handicapped in meeting it because of the limitations of existing law. The Congress moved to strengthen the Agency's regulatory and enforcement authority in this area with the enactment of the Drug Abuse Control Amendments of 1965. In this legislation, the Congress recognized "that there is a widespread illicit traffic in depressant and stimulant drugs" which had "become a threat to the public health and safety . . ." These drugs as defined in the amendments, include amphetamines, barbiturates, and other psychotoxic drugs which have a potential for abuse because of their depressant or stimulant effect upon the central nervous system, or because of their hallucinogenic effect.

The amendments eliminated the necessity for the Government to prove interstate shipment of illegally distributed depressant or stimulant drugs. This had been a particularly heavy enforcement burden since such drugs, when found in illicit channels, are often unmarked, unlabeled, and obtained from an unknown source.

The amendments require the registration of wholesalers, as well as manufacturers, of controlled drugs. Drug manufacturers had been required to register with FDA since 1962, but the 1965 amendments also provided for specific notification when a firm or individual is producing, or begins producing, depressant or stimulant drugs.

Under the amendments, detailed inventory and distribution records of controlled drugs must be maintained at every level from production to the point of retail sale. These records must be made available for inspection when requested.

The amendments prohibit any unauthorized manufacture, processing, or compounding of the designated drugs; they prohibit the distribution of the drugs to unauthorized persons; the possession of the drugs except for personal use, use by a family member, or use for pets; the refilling of prescriptions for controlled drugs more than five times or more than 6 months after initially issued; and the making, selling, keeping, or concealing of counterfeit drugs.

FDA agents were authorized to carry firearms, to execute seizures with or without labels of information, to make arrests, and to carry out search warrants.

In summary, the amendments were designed to provide the regulatory and enforcement authority to combat the illicit traffic in depressant and stimulant drugs without stifling legitimate use or research.

The amendments did not become fully effective until February 1, 1966, approximately 18 months ago. The Bureau of Drug Abuse Control also became a going organization on that date and started to recruit and train the agents necessary to carry out the new law. The administrative procedures necessary to bring drugs other than amphetamines and barbiturates under the law took us into May of last year; during that month, for example, LSD became a controlled drug.

Even before we were fully staffed to carry out the new legislation there were suggestions for a further strengthening of the law. These suggestions are still being made. Should the law be strengthened to add felony penalties for drug abuse violators? Should drug plants be licensed, rather than simply registered?

And, more basically, do we now have enough authority, if efficiently used, to track down and eliminate the sources of illicit drugs? At the present time, we believe we have sufficient regulatory authority to meet the problems as we now know them. Of course, experience may prove otherwise. If so, we will propose necessary legislative changes. In any case, we have no desire to impose regulations more stringent than are necessary to deal with the problems.

Let me add, too, that the problem of illegally distributed drugs and counterfeit drugs is not unrelated to the Food and Drug Administration's overall drug surveillance program. We have seen the need for a closer monitoring of the Nation's total drug supply, not merely as a check for legality, but as a test of quality as well. On July 1, we are setting up a new Division of Pharmaceutical Sciences, which will include a National Center for Drug Analysis, in St. Louis. This central drug testing laboratory, utilizing sophisticated, automated analytic apparatus, will eventually handle 300,000 drug samples a year, compared to the fewer than 40,000 drug samples now analyzed each year in our 17 district laboratories.

As we build a broader base of data on all drugs marketed in this country and on the manufacturers of these drugs, I believe we also will see emerging a sharper profile of the illicit drug market.

Before closing, let me emphasize again that the Food and Drug Administration is fully cognizant of the benefits of interagency cooperation within the Federal Government in the fight against the forces of organized crime. In addition to the day-to-day interchange of information between our enforcement personnel and those of other enforcement agencies, the Director of FDA's Office of Policy Management

serves as the agency's overall liaison representative with the Justice Department's Organized Crime and Racketeering Section.

We also believe that this cooperation must extend to and from State and local governments to be fully effective. Since the first of the year, I have named three regional assistant commissioners, and I will appoint six others in the months ahead, to strengthen the coordination between the FDA and its counterparts at the State and local levels. In the particular area of drug abuse control, we have established a Federal-State pilot cooperative program showing promising results. Mr. Finlator will tell you more about that in his remarks. I will ask Mr. Finlator to present his statement now, if the subcommittee has no objection, and we will be happy to answer any questions later.

Thank you.

Mr. St GERMAIN. All right, Mr. Finlator, we will appreciate having your statement now.

STATEMENT OF JOHN FINLATOR, DIRECTOR, BUREAU OF DRUG ABUSE CONTROL, FOOD AND DRUG ADMINISTRATION, U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. FINLATOR. Mr. Chairman and members of the subcommittee, I am happy to have this opportunity to describe to you the mission, program, and operation of the Bureau of Drug Abuse Control, with particular emphasis on our efforts, in cooperation with other agencies, to detect and attack organized criminal activities in this country and abroad.

As Dr. Goddard told you, the Bureau of Drug Abuse Control—BDAC, for short—began operation with the Food and Drug Administration on February 1, 1966. The overall purpose of the Bureau is to develop and carry out investigational, enforcement, analytical, and educational programs to implement the Drug Abuse Control Amendments of 1965.

While the Bureau is relatively new, I believe we have made great progress in each of these areas. By the end of this month, we will have 254 agents in the field. Almost all of the agents are working out of the nine field offices opened since the Bureau was organized. These are located in Atlanta, Baltimore, Boston, Chicago, Dallas, Denver, Kansas City, Los Angeles, and New York. Within these nine geographical districts, we also have established resident offices in 24 cities, including San Francisco, Detroit, Buffalo, Pittsburgh, Miami, San Antonio, and St. Louis.

While the construction of BDAC's headquarters organization and field network in a relatively short timespan has presented some challenging problems, I believe the very newness of the Bureau has given us a distinct advantage in one important respect. Many of our agents were recruited from within FDA, but others came to us with years of experience in other enforcement agencies, including the Bureau of Narcotics, Department of Labor, Bureau of Customs, Internal Revenue Service, the Immigration and Naturalization Service, the FBI and other units in the Department of Justice. Through this infusion of personnel, we have benefited from the experience of all these agencies and have incorporated in our own enforcement program the

techniques and practices that have been tested and perfected elsewhere.

While my remarks here will be largely concerned with enforcement activities, I would like to point out that the Bureau also gives major attention to educational programs. We are seeking to provide accurate information on the hazards of drug abuse to the general public—the high school and college student, the truck driver, the housewife, and other individuals at every social, economic, and professional level. In addition, we have been seeking through specialized educational programs the voluntary compliance of the drug industry itself with the spirit, as well as the letter, of the law. And there has been generous cooperation from industry and the pharmacy profession in this regard. With your permission, Mr. Chairman, I would like to submit for the record at this point those groups with whom we have worked in this regard. They have been given to you, along with some other information.

(The information referred to follows:)

PHARMACY AND DRUG INDUSTRY GROUPS COOPERATING WITH BDAC IN EDUCATION AND VOLUNTARY COMPLIANCE

- State boards of pharmacy.
- State pharmaceutical associations.
- American Association of Colleges of Pharmacy.
- American College of Apothecaries.
- American Foundation for Pharmaceutical Education.
- American Medical Association.
- American Pharmaceutical Association.
- American Society of Hospital Pharmacists.
- Druggists' Service Council.
- Drug & Allied Products Guild.
- Drug Chemical & Allied Trades Association, Inc.
- Federal Wholesale Druggists' Association.
- Metropolitan Pharmaceutical Secretaries Association.
- National Association of Boards of Pharmacy.
- National Association of Chain Drug Stores.
- National Association Drug Manufacturers Representatives.
- National Association of Retail Druggists.
- National Council of State Pharmaceutical Association Executives.
- National Pharmaceutical Council.
- National Wholesale Druggists Association.
- Pharmaceutical Manufacturers Association.
- Pharmaceutical Wholesalers Association.
- The Proprietary Association.
- Wholesale Druggists Merchandising Association.
- National Ethical Pharmaceutical Association.
- Parenteral Drug Association.
- National Association of Mail Order Pharmaceutical Suppliers.

Mr. FINLATOR. In addition, of course, BDAC has the responsibility to regulate the traffic in controlled drugs, to prevent illegal sales of these drugs, and to prevent the counterfeiting of any drugs. As an indication of the scope of the illicit market in drugs, I can report that BDAC has taken various enforcement actions during the past 18 months involving many million dosage units of depressants, stimulants, hallucinogens, counterfeit drugs, and other drugs in illegal circulation.

Our enforcement responsibility, as you know, includes investigating the infiltration of the legitimate drug industry by organized crime, identifying criminal figures involved in the illicit drug traffic, develop-

ing evidence against them, and relaying to other enforcement agencies information we may obtain on organized criminal activities outside the drug field.

We believe that the operating structure of the Bureau is well designed to carry out our assigned responsibilities, including those related to the effort against organized crime. While it is our field force that is in the frontline in this continuing battle, field operations are directed and closely monitored by our headquarters staff. The Bureau has three divisions reporting directly to me. These are:

The Division of Drug Studies and Statistics, headed by Dr. James Fox, which collects and monitors statistical and other data, plans studies to increase our knowledge of the extent and nature of drug abuse, and develops educational programs.

The Division of Case Assistance, under the direction of Mr. Lewis P. Lasher, which develops guidelines for the presentation of cases and monitors the progress of legal actions.

The Division of Investigations, under Mr. Edward J. Anderson, who is with us today, which carries out accountability and criminal investigations, including those involving organized crime.

I think it would be appropriate to confine the remainder of my remarks to the activities of the Division of Investigations, the unit most heavily involved in the area of direct interest to the subcommittee. First, let me explain briefly, if I may, how the Division is organized.

One of its major units is laboratory services, which handles all liaison between FDA laboratory facilities and our investigative field force to assure coordinated scientific support for our enforcement program. This sometimes includes the identification and scrutiny of new or bizarre substances with a potential for abuse or new techniques of drug abuse. For example, you may recall the recent flurry of publicity about smoking "mellow yellow"—the dried scrapings of the banana peel. I must say I was happy about the negative results reported by FDA scientists who tested the peels in various forms for hallucinogenic substances.

Also within the Division is the Drug Accountability Branch, which directs and supervises the continuing review of records of legitimately registered manufacturers, wholesalers, repackagers, and so on, to determine possible diversion of legitimate drugs into illicit channels.

The third unit in the Division is the Criminal Investigations Branch, which is responsible for formulating the plans, policies, and procedures necessary to carry out systematic, efficient, and effective investigations in the field. This branch also provides overall direction and coordination of criminal investigations of regional, national, or international scope.

With this background, let me turn to the specific topic of organized crime. As Dr. Goddard indicated, FDA has cooperated for many years in the Government's overall program against organized crime. With the early encouragement and continuing support of the Commissioner, BDAC—since the time of its inception a year and a half ago—has developed an orderly system of collecting, reporting, disseminating, and utilizing information on organized crime's involvement in the drug field and other areas that may come to the attention of our investigators. We have been fully responsive to President Johnson's

letter of May 5, 1936, calling for a unified effort by all enforcement agencies to combat organized crime.

In March of this year, as the flow of information from our growing field force continued to increase, we established in the Criminal Investigations Branch of the Division of Investigations the position of National Organized Crime Coordinator.

The Coordinator, Mr. Dennis Dayle, is responsible to my office, through the Division Director, for directing, coordinating, reviewing, and stimulating BDAC's program to combat organized crime. He continually monitors field investigations in order to identify any participation in the illegal drug traffic or infiltration of legitimate industry by elements of organized crime. He keeps up to date on the organized crime programs of other agencies and serves as the primary liaison officer through whom we exchange investigative data and operational plans with these other agencies to coordinate our programs and eliminate duplication of effort.

Each of the nine BDAC field offices also has a full-time organized crime coordinator and an assistant, who are responsible for reporting to the field office director all instances of organized crime activity within their specific geographic territory. This is a high-priority endeavor and our field staff is fully aware of its importance. Every field report on organized crime is forwarded to the Division of Investigations at headquarters, where it is analyzed by the National Coordinator. The overall review of these reports from the field enables us to spot possible connections between the organized criminal activities in the separate field territories.

FDA's electronic data processing system also is being utilized to record all reports of organized crime activity that come to our attention. Through this system, bits and pieces of information which seem to have no immediate value as evidence today can be readily retrieved at some later date. Viewed as a whole, this data may be invaluable in sketching out the scope and form of a criminal organization and possibly may provide the elements necessary to indict an organized crime group. The electronic data processing system will improve our ability to disseminate intelligence on organized crime activities to the entire field organization.

What is this reporting system telling us about the involvement of organized crime in the drug field? For one thing, we have learned that we are dealing with separate and distinct types of criminal organizations.

To most people, I think the phrase "organized crime" brings to mind the "syndicate," the Cosa Nostra, the Mafia-type organization which is sort of a horizontal criminal trust that controls racketeering, gambling, vice, narcotics, and traffic in other drugs in a city, a State, a region, or nationally. And we do find elements of these hoodlum organizations in the illicit traffic in depressant and stimulant drugs.

But we also find a different type of organization which concentrates exclusively on trafficking in abusive and clandestinely manufactured drugs. There may be, and often are, hoodlum elements involved in these rings as well, but the leaders sometimes are a different breed from the old-time "syndicate chief" with a lengthy criminal record. I might add that identification of these operators is more difficult, too. Some of these specialized organizations are often highly

sophisticated in science and technology. They employ physicists, chemists, and other science professionals and equip large and sophisticated laboratories. While operations of this type may not fit nearly within the stereotyped definition of organized crime, we certainly treat them as such. When we cut off an illicit drug source in Chicago and find that this has impeded illegal drug sales in another area of the country, we know we are dealing with an organization, and a large one.

Several of our field investigations also have documented the involvement of organized crime hoodlums in the illicit drug traffic. Sometimes this includes involvement in seemingly legitimate drug manufacturing as well. For example, in one case in Chicago, in which members of the syndicate have been indicted for the illegal distribution and counterfeiting of drugs, one of the defendants owned and operated a registered drug firm. As a further illustration of organized crime's connection with drug trafficking, we also know that certain of our undercover investigations have resulted in the assignment of syndicate "hit" contracts against the agents involved—our agents.

Certainly, the demand for depressant and stimulant drugs for non-medical uses is a lure to the hoodlum who is looking for the "fast buck" wherever it may be. Often we find that known criminals are dabbling in the illicit drug traffic as an individual sideline, rather than as a syndicate operation. But criminal organizations, as such, also are showing a growing interest in this market.

The hallucinogenic drug LSD is a case in point. As you know, minute quantities of LSD have a tremendous effect upon the central nervous system. The physical properties of the drug permit it to be transported in the most devious methods and the margins of profit in the illicit trade of the drug are staggering. We know there is an extremely well-organized traffic in LSD functioning now. The sophistication and technical capabilities of this group demand a most intensive investigative effort. We have investigative intelligence that this organization is affiliating with hard-core, Cosa Nostra-type criminal figures. This burgeoning organization, unfortunately, is the benefactor of an overt promotional effort by those who would make a so-called religion of the use of LSD. These apostles of mind distortion have a growing number of disciples, and their efforts can only bolster the illicit profits of the leading figures in this criminal movement.

I alluded previously to the fact that there is an international aspect to the traffic in depressant and stimulant drugs. As is the case with narcotics, we find that criminal organizations dealing in the abusive drugs also have overseas connections for supply and distribution. Our international program also falls within the responsibility of the National Organized Crime Coordinator. The purpose of this program is to identify and investigate foreign participants illegally diverting drugs from industry and to pinpoint international drug sources.

I might add, Mr. Chairman, that I went to Europe twice on this very purpose to look into the possibility of dealing with other sources and other countries and Mr. Anderson, who is Director of Investigations, is planning to go to Europe this fall to visit with Interpol and with other countries.

At every level of our enforcement program, we have cooperated closely with other agencies. We have conducted investigations of many organized crime figures. Millions of dosage units of drugs have been seized or purchased through our undercover operations. Some of these cases involved close cooperation with other enforcement agencies—Federal, State, and local. On occasion, our agents have assisted local crime commissions by carrying out undercover assignments, as well as by assisting in planning and conducting raids which led to arrests of organized crime hoodlums.

We maintain close and constant liaison with the Bureaus of Narcotics and Customs, with the Alcohol, Tobacco and Tax Division, and with the Secret Service. In the course of our own undercover investigations, we have at time provided introductions of agents of these and other Federal agencies in those cases when illicit commodities other than drugs were involved. There has been a continuous transmittal of investigative intelligence from the FDA to the Organized Crime Division of the Justice Department.

At the State level, as Dr. Goddard mentioned in his statement, we are conducting a cooperative pilot program in which 18 States are now participating. Under our agreement, with these States, their agencies have assumed primary responsibility for the regulation of drug distribution at the retail level while BDAC field personnel concentrate on wholesale distribution and large-scale drug diversions. The need for this kind of cooperative effort is readily apparent in view of the fact that there are more than 55,000 retail drug outlets across the country, all of which must maintain accountability records for controlled drugs. There has been a continuous interchange of information between BDAC and the State agencies which has been mutually beneficial. We have also sponsored training sessions for State officials working in this program.

Apart from this program, we have initiated a training series for State and local law enforcement officials to make available to them the technology we are using in investigations of the illicit drug traffic. Three "schools" have been sponsored thus far for 136 participants, including seven Canadian police officials. In addition, we have conducted over 40 local seminars in our field offices for local officials. We intend to continue and expand these programs.

In conclusion then, we are conscious of the need for cooperation among Government agencies at every level in the battle against organized crime. I believe we have established the type of organization that can make this cooperation effective.

I would be pleased to join with Dr. Goddard in answering any questions the subcommittee may have. Thank you.

Mr. ST GERMAIN. Thank you, Dr. Goddard and Mr. Finlator.

I gather from the testimony you have given this morning, and more specifically that of Mr. Finlator, that the Department is in agreement with the thinking of the committee, which I think is prevalent at this point, that we do have a problem, and a serious problem, of the infiltration of organized crime into both the illegal or illicit traffic in drugs as well as the manufacture of counterfeit drugs, or the illegal manufacture of drugs. Is that a fair statement?

Dr. GODDARD. Certainly, we would agree with the first part of your statement, Mr. Congressman.

The second part, I think there is really a paucity of data for us to be able to make a positive statement that such is the case.

Specifically, this is one of the things that we expect to come out of our National Center for Drug Analysis in St. Louis, that by having such a large quantity of samples available for analysis, samples coming from the retail level each year, we can have good information as to the incidence of counterfeiting of legitimate drugs which are not in the abuse series.

Now, there is no question we are encountering counterfeit drugs in the area of those drugs in the abuse series, the amphetamines, depressants, hallucinogenics.

Mr. ST GERMAIN. Committee counsel just presented me with the FDA papers, dated April 1967, New York district—"for conspiring to distribute nearly 700,000 counterfeit dexedrine and dexamy spansules—"

New York district. For conspiring to distribute near 700,000 counterfeit Dexedrine and Dexamy Spansules, Abraham Klein was convicted on 12 counts by a U.S. district court jury on January 19.

Klein was accused of selling the misbranded drugs in late 1964 for a total of \$12,800 in the Newark, Elizabeth, and Jersey City, N.J., areas. No date was set for sentencing; Klein faces a maximum penalty of 26 years in prison and fines totaling \$80,000.

The counterfeit pills were marked with the initials "SKF," the trademark for Smith Kline & French Laboratories, Philadelphia, Pa.

Four other men have entered guilty pleas in connection with the case: Morris Furer, Howard Press, James H. Taylor, and Lawrence D. Traina. They have not been sentenced.

Now, you will agree that that area—in that area there is counterfeiting?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. Your contention is that in the ordinary drugs there are not abuse drugs and to date you have no evidence of any great amount of counterfeiting.

Dr. GODDARD. I have to be careful and use a little bit of caution. I don't think anyone has any firm data on which to draw conclusions in this area.

Mr. ST GERMAIN. Actually, have you had an opportunity to conduct any extensive samplings in this area to date?

Dr. GODDARD. No; not of the magnitude that would be required to draw these kinds of conclusions.

Mr. ST GERMAIN. Do you feel with the establishment of your new centralized laboratory that there will be better opportunity and you can do a more effective job in this area?

Dr. GODDARD. Definitely.

Mr. ST GERMAIN. Would you agree, then, that the problem seems to be a twofold one, one which would be the diversion of drugs, which would include hijacking and possibly or probably importation of drugs and the other facet being the illegal manufacture of drugs which possibly could include the counterfeiting?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. I am interested, and I gather my colleagues may go into this also, in your increased use of computerized data in the area of controlling the distribution of drugs.

Tell me, Mr. Finlator, I wonder if I may go back a little bit and ask you to give the committee a background prior to assuming your present position?

Mr. FINLATOR. Surely. Immediately before assuming this position I was Director of Administration at GSA. Prior to that I was head of a management office in GSA. Prior to that I was the regional management officer at the Post Office Department. Prior to that I was executive officer of the Security Office in the Department of State. Prior to that I was a Division Director in the AID program. Prior to that I was an executive officer in the Personnel Office, State Department. Prior to that I was an agent in the State Department.

Mr. ST GERMAIN. Let us ask the question in a different manner. I believe you mentioned being a security officer with the State Department?

Mr. FINLATOR. Yes.

Mr. ST GERMAIN. Have you done security work in other areas?

Mr. FINLATOR. I was an investigator with the Civil Service Commission. I was an agent in the State Department, and I was also the Executive Officer of the Security Office in the State Department.

Mr. ST GERMAIN. As far as civil service, as an investigator there you were investigating people—potential postmasters and such things?

Mr. FINLATOR. And Government employees.

Mr. ST GERMAIN. Do you have any educational background or experience in chemistry, pharmaceuticals, or in the medical field?

Mr. FINLATOR. No, sir.

Mr. ST GERMAIN. With respect to—

Mr. FINLATOR. I may add, if I may, Mr. Chairman, I think the reason that I took this job and the reason Dr. Goddard selected me is because I did not have these backgrounds and because I had a managerial background and we were going to build around us the technical ability.

Mr. ST GERMAIN. We understand that. I understand that from the background you gave on your division heads. I felt it important that we get your qualifying—your background and qualifications into the record.

With respect to the registering of plants, I think you gentlemen are probably aware of the fact that I have a deep interest in this.

On page 3 of your statement, Dr. Finlator, the third paragraph, you say, "Also within the Division is the Drug Accountability Branch, which directs and supervises continuing review of records of legitimately registered manufacturers, wholesalers, repackagers, and so on, to determine possible diversion of legitimate drugs into illicit channels."

Would you kindly explain to me what you mean by legitimately registered manufacturers or could you tell me what an illegitimate registered manufacturing firm—illegitimately registered firm might be?

Mr. FINLATOR. The last is easy. There are none.

The registered are those who register with the FDA to deal with these controlled drugs.

Mr. ST GERMAIN. So that all registered firms are legitimately registered?

Mr. FINLATOR. Right.

Mr. ST GERMAIN. And they register by filling out as of now, the 1967 registration of drug establishments, a form approved by the Budget Bureau, No. 57-RO17.2?

(See app. p. 309.)

Mr. FINLATOR. I am not sure of the number, but I think you are correct.

Mr. ST GERMAIN. As I say, this is merely a requirement, they fill out the form?

Mr. FINLATOR. Right.

Mr. ST GERMAIN. How soon after they fill out this form does one—before we go into that—you mentioned that you have 254 agents in BDAC. Are these agents—what are their duties, let us put it that way?

Mr. FINLATOR. Well, they are doing the same type of work that you would expect an agent from the Bureau of Narcotics to be doing. They are dealing in drugs and undercover work. They are also making the drug accountability investigations.

Mr. ST GERMAIN. Who inspects the plants? Would it be the same people?

Mr. FINLATOR. Yes.

Mr. ST GERMAIN. Tell me, Dr. Goddard, you are head of the Food and Drug Administration. Are the food processing plants, meat processing plants, let us say, and food manufacturing plants, are they inspected by you people or are they inspected by the Department of Agriculture?

Dr. GODDARD. The meat processing plants are inspected by the Department of Agriculture and food processing plants, aside from those producing meat and poultry products, which are under the Department of Agriculture, do come under FDA inspection, as do all drug manufacturers.

Mr. ST GERMAIN. This would be different agents, other than the 254 that the BDAC has?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. How many agents do you have under FDA, exclusive of the 254?

Dr. GODDARD. Approximately 1,000 personnel who carry out investigations.

Mr. ST GERMAIN. They are not investigators, mainly inspectors?

Dr. GODDARD. They do carry out special investigations upon assignment from the district director or headquarters. They carried the major burden of drug abuse investigation beginning in the early fifties.

Mr. ST GERMAIN. Since the establishment of BDAC you have added the 254 to the approximately 1,000 that were working with the Department?

Dr. GODDARD. That is correct.

Mr. ST GERMAIN. Do you also inspect the processing plants for cat and dog food, or would that be Department of Agriculture?

Dr. GODDARD. That is USDA.

Mr. ST GERMAIN. Are you aware of whether or not these plants are constantly inspected, also?

Dr. GODDARD. Continuous inspection is at the request of the firm wishing to engage in interstate commerce, as I understand it, in the USDA program. If a firm chooses to remain intrastate, they quite often are not under USDA.

Mr. ST GERMAIN. Let me put the question to you this way. And I'm not trying to give a commercial for anyone, but there is one name that looms up because it has been around a long time—"Puss-in-Boots Cat

Food." If they should request inspection because they are in interstate commerce, they have an inspector assigned to them on a continual basis?

Dr. GODDARD. That's correct.

Mr. ST GERMAIN. Yet, if I am correct in my figure, we have 1,600 registered drug manufacturing plants now?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. There we do not have people assigned full time?

Dr. GODDARD. No, sir.

Mr. ST GERMAIN. So we are more concerned, not of FDA, but the Federal Government appears to be more concerned with the manufacture of, let us say, cat and dog food than with the manufacture of drugs.

Dr. GODDARD. If you want to make that interpretation.

Mr. ST GERMAIN. It is a logical conclusion, is it not?

Getting back to the registration of the firms, how soon after a firm registers is it inspected?

Mr. FINLATOR. There is no given time for this, Mr. Chairman. We make the inspections on the basis of information that we have. We did start out with the major manufacturers of these drugs, but with the small amount of manpower that we have, we have had to work out a program of those that are of a priority basis to us. That might mean whenever we have a lead from them or whenever we have information we make that inspection.

Dr. GODDARD. We are obligated, Mr. Chairman, to inspect these firms once every 2 years.

Mr. ST GERMAIN. Once every 2 years?

Dr. GODDARD. Yes. We do recognize the present method of registration for firms involved in the production, sale, distribution of drugs coming under the Drug Abuse and Control Amendments, could afford a loophole, so we are seriously considering at this point in time the implementation of a program which calls for immediate inspection upon receipt of the application.

Mr. ST GERMAIN. Of the application?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. In other words, a number would not be issued until the inspection was concluded?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. As far as criteria are considered for the registration, under section 510 of the act I find a reference to the inspection pursuant to section 704 which should be accomplished once every 2 years; however, in this particular section on registration the Federal Food, Drug, and Cosmetic Act as amended in May 1966, I find no reference to the criteria for the drug manufacturing plants.

Dr. GODDARD. We do have established criteria that are followed in the inspection of drug manufacturing plants. Embodied in our inspection program are checks to see if good manufacturing practices are followed. We also check specifics—how incoming raw products are handled, whether they are placed in quarantine. The records aspect, which is extremely important in the manufacture of drugs, is carefully checked. Are the records such that they can account for the handling of various ingredients at all stages? The master formula has to be checked in terms of whether or not it is being used in the production

of the various batches. A firm's quality-control activities are scrutinized with care. Checking of the general sanitation is required during the course of the plant inspection.

The inspector generally will require several days to do a small-sized plant and up to 2 to 3 weeks to carry out an inspection on a major drug firm. So it is a very comprehensive, detailed investigation of how they meet their responsibilities.

Mr. ST GERMAIN. Dr. Goddard, in the same "FDA Papers" that I referred to earlier for April of this year, there is given a history of the FDA's inspection procedures for drug plants that were included in the instructions. It goes on to say that at that time compliances with these practices were not mandatory.¹ Are they now mandatory under the present amendments to the act?

Dr. GODDARD. I am not sure I understand your point.

Mr. ST GERMAIN. "In 1948-49 FDA held a series of conferences to develop procedures and techniques for drug inspections."

Dr. GODDARD. Based on the survey—

Mr. GOODRICH. I understand now.

Mr. ST GERMAIN. Yes.

Mr. GOODRICH. In 1962 the Congress gave us a provision which made a drug adulterated if it was produced under conditions that did not conform with current good manufacturing practices, and we have, as Dr. Goddard has explained in detail, specified the minimum conditions for performance. If companies do not perform in that way their products are adulterated, they may be seized, the firm may be enjoined or criminally prosecuted.

Mr. ST GERMAIN. When does the firm get the instructions? In noting the application, for the registration of drug establishments, it is a rather short form. Is there a supplementary form that goes with this?

Mr. GOODRICH. The registration is an identifying device. All Congress required, and this is the point that you are inquiring about—Congress simply required the companies to identify themselves to us by name and address, identify all of their places of business and in the 1965 drug abuse law, to specify that they were handling drug abuse type of drugs. This is an alerting device to us to put into operation our general inspection authority and the other controls that are applicable across the board to drug manufacturers.

Mr. ST GERMAIN. Do you not feel in an industry as important as the manufacturing of drugs, that this particular initial application should be a great deal more complex, because my heavens, if you want a job as a GS-5 you have to fill out a form 57 that goes about six pages, plus addenda if you so desire. And yet for something as important as this is a rather brief application form.

Dr. GODDARD. Yes; this is in fact in back of my earlier remark that we were revising our procedures in terms of providing registration to firms wishing to enter into the production and distribution of drugs under the Drug Abuse Control Amendments. I would agree with you that it has been rather simplistic. I think the important thing is whether or not we will have the capability to get a man into that plant and carry out a brief investigation to see if the manufacturer has the

¹ Article entitled "Good Manufacturing Practice" published in "FDA Papers," vol. 1, No. 3, April 1967. See app. p. 313.

capability to produce, and it is a legitimate operation before the registration is provided.

Mr. ST GERMAIN. Would you not agree, Doctor, that this particular profession of manufacturing drugs, is important enough to warrant that if somebody wants to go into the manufacture they should be inspected prior to their letting loose on the market these drugs, and the thing that concerns me, Doctor, I mentioned in a previous hearing is that a Government registry number that says FDA Registration No. 12345 is issued to the manufacturing firm—he has to put this number on every label, does he not?

Dr. GODDARD. He has to put it on the invoices so people will know they are buying from a registered firm.

Mr. ST GERMAIN. So the individual buying from a registered firm, a firm that has a registry number issued by the Federal Government is lulled into a sense of security, is that not a fact?

Mr. GOODRICH. As a matter of fact he is required to be sure he buys from a registered firm and we have an obligation which we recognize to be sure that all these firms are manufacturing under current good manufacturing practices.

Mr. ST GERMAIN. You do not mean that, Mr. Goodrich.

Dr. GODDARD. We have the obligation.

Mr. ST GERMAIN. Within 2 years you get to inspect the plant.

Mr. GOODRICH. This is a minimum condition. We have contacts. Of course we don't have nearly enough people to go into these companies at the regular intervals we would want to. We recognize that, but we are operating on a brand new basis of going into those places where we know there are the greatest problems, and we do have strong means of being sure that the companies are measuring up to the standards that we all would expect from our drug producers. This doesn't mean everyone is in compliance. We would be the last to say they were. We hope we are using our resources in the places where they are most needed and we are urging Congress to give us more authority as we go along and identify more problems.

Dr. GODDARD. Congressman, I would have to agree with you. This is an area we have been uneasy about. That is why we are currently studying it, trying to revise these procedures so we can effectively preclude the entrance of a firm that is not qualified or seeks to do business for illegitimate purposes only. This is important, and I can assure you that we are taking positive steps to seal off that loophole that has existed.

As Mr. Goodrich points out, it has been a matter of priority—we have given the highest priority to the Bureau of Drug Abuse Control in the assignment of new positions by Congress. Also, when there have been cutbacks through the Bureau of the Budget ceilings, we have made every effort to protect the Drug Abuse Control activities to the exclusion of others, because we recognize the seriousness of this problem in our society.

Mr. ST GERMAIN. Thank you, Doctor. I yield to Mr. Edwards.

Mr. EDWARDS. So that while you are inspecting these plants be they new plants or reinspection of old plants, in addition to quality control and this sort of thing you have certain procedures that you assume you follow that would detect illicit operations in these particular plants?

Dr. GODDARD. Yes. These are largely related to the examination of invoices, of purchased material and the amounts produced in terms of their shipments and the records which they are required to maintain under the drug abuse control amendments. This does not mean that occasionally equipment that is in place for the legitimate production of drugs cannot be used at night for illicit production of drugs using basic materials that fall outside of the control program. This has happened. Materials obtained through hijacking or through other sources have been used to make tablets of drugs in this series.

Mr. EDWARDS. You stated in your statement, as I understand it, generally you are pleased with the law that is set up under which Mr. Finlator is operating. You are still going through a period where you are gaining experience under that law. I gather from your statement that you do not have any recommendations as such for amendments to that law at this time.

Dr. GODDARD. That is correct.

Mr. EDWARDS. I have on my desk here a proposed draft of a bill for initial inspection amendments for 1967 which was sent to the committee.

Mr. ST GERMAIN. That is the one that I requested after that prior hearing when I asked the committee counsel.

Mr. EDWARDS. Was this drafted at the request of Mr. St Germain?

Dr. GODDARD. That is correct.

Mr. EDWARDS. This is nothing you originated in your own mind?

Dr. GODDARD. No, sir.

Mr. EDWARDS. I was about to inquire why your cover letter was something less than enthusiastic.

Dr. GODDARD. Well, sir, we do think this problem can be handled in the fashion that we have tried to outline. We are looking at the process of inspection prior to the award of registration as a means of strengthening and closing outside loopholes.

Mr. EDWARDS. This is one time where legislation at some future time may very well be necessary.

Dr. GODDARD. We believe we have the authority to carry this out now. However, should this be challenged and found wanting, we may come back and ask you for it.

Mr. ST GERMAIN. It is not a question of the authority. I think it is a question of its being mandatory. In other words, a prohibition against the registry number being given out prior to inspection, and I got the impression from our colloquy that you were coming around a little bit to my thinking.

Dr. GODDARD. Coming around—

Mr. ST GERMAIN. That it is hopeful.

Dr. GODDARD. Coming around to the thinking that we will carry it out as a routine practice.

Mr. EDWARDS. One of the major aspects of our hearings is to inquire into the economy and efficiency of these operations in Government and in that regard I am concerned about what seems to be two generally parallel courses taken by your investigators, Mr. Finlator's investigators and the Bureau of Narcotics' investigators. In your opinion, is there a need for dual agencies, dual investigative units when you are approaching very similar problems?

Dr. GODDARD. I feel that although there might be some outward similarities, there are some marked differences in the problems in drug

abuse as contrasted to narcotics addiction. The problems of drug abuse are broader in scale, involve a different strata of society, involve some rather fundamental problems within society. Our research activities, along with those of the National Institute of Mental Health, will hopefully provide us with the basis for sound future educational programs.

Now, one could perhaps say these same things about the narcotics problem.

Mr. EDWARDS. What strata do you see drug addiction in and what strata do you see narcotics?

Dr. GODDARD. Drug abuse involves all strata of society to a greater extent than narcotics addiction, I am told. In narcotics addiction, generally, and this is subject to the weakness of generalizations, most of the addicts come from the lowest socioeconomic group in our society. This is apart from the professionals, physicians, and nurses who are often addicted in the course of their work—not often in terms of total numbers, but in comparison they stand out as a professional risk.

Mr. EDWARDS. Is there a relationship between the use of drugs and the use of narcotics. Can you trace any pattern of movement from a drug user who slips into the problem of—heroin, for example?

Dr. GODDARD. There is remarkably little evidence upon which to base sound conclusions at this point in time. There is no question that this pattern has been demonstrated for at least a few people. However, I would have to observe that a great many more people probably experiment with these drugs and never go any further. The amphetamines, barbiturates, LSD, whatever you will.

Mr. EDWARDS. Let me ask you, what you are saying is based on 18 months' experience, in which case we might have to argue that it might be incomplete.

Dr. GODDARD. Indeed, I would have to say it is.

Mr. EDWARDS. If it is complete, is there any effort being carried out to secure complete information on the relationship between drugs—between heroin and the drugs that you fellows deal with?

Dr. GODDARD. Yes. I would stress that this is very incomplete. I would underline the lack of really valid data to draw sound conclusions.

Mr. FINLATOR?

Mr. FINLATOR. I think it is interesting, Mr. Congressman—talking about the different strata in society that we are dealing with in narcotics and dangers—of the 336 people that we have arrested, 54 of them were high school graduates, 62 had some college and 32 were college graduates. It is an entirely different group of people that you meet than when dealing with narcotics.

Mr. EDWARDS. Well, now, one—the ATU folks who testified not too long ago—the Alcoholic Tax Unit people—I thought they had a really good ongoing program of public relations, educating the people as to what they were really getting into when they started with moonshine. What kind of campaign, if any, does your Department have along this same line?

Dr. GODDARD. If I may, I would like to begin these remarks on our educational activities.

First of all, we feel that there needs to be a better understanding of the role of drugs in our society and to promote this we are in the

process of writing curriculum material for use of elementary, junior high, and high school teachers. This is being prepared by some of the best science teachers in the United States. This material will be made available throughout the school systems of the country, so that teachers can begin as early as the third grade to give to students a rather simple introduction to pharmacology—to provide children with the respect for drugs which seems to be lacking in our society today. This we think is an important step forward, to have a broad scale program of education in the public schools.

The kind of material we are talking about, to the extent that it has been developed, is warmly received by the educators. This activity is taking place under the direction of Mr. Cron, our Assistant Commissioner for Education and Information, working with various bureaus of FDA, including the Bureau of Drug Abuse Control.

In addition to that, there are specific educational activities—the production of a film on LSD and the production of the film last year, “Bennies—Goofballs” which has proven to be one of the most popular films that is being distributed by a Federal establishment at the present time. I believe we have purchased 65 prints of this film and they are continuously out on loan to educational organizations and various civic groups throughout the country. This film was specifically designed for the lay public.

In Mr. Finlator's organization Mr. James Fox heads up a major division, the Division of Drug Studies and Statistics, which has the dual responsibility of carrying out research and gathering from research information that can provide the basis for educational programs, Mr. Finlator may wish to add to this.

Mr. FINLATOR. Well, Mr. Congressman, we think that education is probably one of the most important answers as far as the drug abuse is concerned. Actually, we are trying to build a program of four big pillars: enforcement, training, education, and scientific studies and gathering of statistics. Some of us think that an answer is education and it may be the answer. We are trying to devote a great deal of time toward an educational program. We do a lot of things—we are diverting enforcement money into it to do it. But we are doing it.

For instance, in BDAC we make an average of 60 speeches a month and that may be at high schools, colleges, churches, service clubs, and national organizations. We do put out a bulletin that goes to all of the law enforcement people in this country and to the 2,300 colleges in the country, the deans of the colleges. We write letters to the pharmacies and converse with them, to the actual 55,000 pharmacists in this country. We are encouraging them to get involved in educational programs themselves, because they are the men who know a great deal about drugs. They have affinity toward it. Some will, of course, and some will not.

These are some of the things we are trying to do.

Mr. EDWARDS. Do you have any exhibits or copies of material, public relations type materials that the public itself sees, or is available to the public that could be made available to the committee or for the record, depending on the size and length of it?

Dr. GODDARD. Yes, we have included some of this material in the folders which were provided to Mr. Rothenberg.

Mr. EDWARDS. I have looked over that material but my impression just briefly was that it was more aimed at law enforcement people than it was at the youngster or person who may come in contact with these drugs, and I think they are very good, but that is my impression.

Dr. GODDARD. Let me go back, Congressman Edwards, and look through the materials and have additional ones forwarded to you, particularly on "Bennies--Goofballs." This is, as I mentioned, one of the best sellers we have in the Federal Establishment. We will provide that material for the committee.

Mr. EDWARDS. All right.

(The material referred to is printed at pp. 290-292, 316-319.)

Mr. EDWARDS. Let me ask you this. Has the academic community, educational community, been generally responsive to what you are proposing that we bring to the children?

Dr. GODDARD. Yes. This work has been carried out with the cooperation and active assistance of the National Education Association and the Office of Education of the Department of Health, Education, and Welfare. The subject is one of great interest on the part of the teachers, and educators, for example, at the college level. Mr. Finlator has an established working relationship with the Association of Deans. They solicit assistance and information on materials that they can use, because they are grappling with the problem on a day-to-day basis. We do need as a Nation, to put more resources into this area.

Mr. ST GERMAIN. If I may interrupt, Mr. Edwards.

Doctor, when you were testifying about the educational program you sort of stopped—I found you stopped at the high school level. You mentioned from the third grade to the high school. Now, you mentioned the college level. So there are two things I believe the committee would be interested in as part of the record. As far as your PR sheets are concerned, Mr. Edwards and I, I am sure, have the same idea. We have gotten some material from some of the other agencies that we thought was rather striking. It is pictorial, graphic and you know, a picture is better than a thousand words. We would like examples of that if you have it, not just as far as bennies and goofballs—would you send us a general sampling?

Dr. GODDARD. We will be happy to do that.

(The information requested is printed in the Appendix at pp. 316-319.)

Mr. ST GERMAIN. No. 2, as to the cooperation you are getting on the college level, if you could—you say the association of the deans of the colleges are interested. Could you give us any statistics on the number of colleges that are cooperating with you in this educational program? You can submit it later for the record.

Mr. FINLATOR. Yes, sir.

(The material referred to follows:)

During February, March, and April 1967, approximately 1,500 college deans participated in conferences sponsored by the Bureau of Drug Abuse Control. These conferences were both national and regional and as a result approximately 26 individual college conferences on drug abuse have been held since March. We are currently preparing for distribution this fall of a handbook for college counselors on drug abuse.

Mr. EDWARDS. I am interested also in the general structure of FDA at the top; that is, as to the upper echelon people, whether they are what you would call political employees or men trained in the jobs that they have. Can you just give me a general statement?

Dr. GODDARD. Yes; I would say categorically that we have no political employees. These men at all levels are selected for their professional qualifications and their demonstrated ability. The bureau directors all have had experience in their selected areas or bring to their assignment the kind of background possessed by Mr. Finlator, who was selected for his management capabilities, plus his background with respect to security at the State Department.

We tend to be a heavily weighted professional organization with Ph. D.'s, M.D.'s, and scientists in all the categories at the top levels. The Deputy Commissioner, for example, has degrees both in pharmacy and chemistry. The Bureau Director, Bureau of Science, holds the Ph. D., Master's, et cetera. The Director of the Bureau of Medicine, has degrees of M.D. and M.P.H.

Every one of these people were selected for their professional qualifications.

Mr. EDWARDS. Mr. Finlator, back in my younger days I tried over 100 cases having to do with bananas in a period of a year. I never heard of "mellow-yellow" or anybody smoking bananas. You say that happily your scientific studies have shown up negative as far as some of these pictures these people are supposed to get. What is it about the bananas that makes them enjoyable to smoke?

Mr. FINLATOR. I don't think there is any, sir. You may recall some months ago some people let a story out from the west coast that the hippies had a certain way of taking bananas and stripping the peel and getting a hallucinogenic effect of this. The Associated Press picked this up and spread it all over the country. The very next day it was everywhere and we started getting calls and everybody got interested in it. We had a responsibility, I think, to determine well, is there something dangerous in the banana, so we went to work on it and we found out there wasn't. I think we were being put on.

Mr. ST GERMAIN. Maybe we would have been better if they hadn't publicized this study. Everybody would have been going to smoking banana peels and we would have been in better shape.

Mr. EDWARDS. The banana industry is in bad trouble now.

Along that line, and I think this is pertinent—we all believe in freedom of the press, and I expect it is one of the freedoms that has really made this country great, and yet, I wonder if playing up such things as this or playing up LSD as has been done is good or bad? I suppose in the last year we have seen millions of words on LSD and its use. I wonder if that is good, if it has the effect of perhaps bringing the problem of this drug to the attention of the people, or whether it has had the effect of causing people to go out and try something new.

Mr. FINLATOR. I don't think one could actually answer that question, but from my point of view, I think the press has done a good job. It is part of the total education and knowledge of our society. Whether it is good or bad, it gives us an opportunity to make our own decisions. However, it is true that about a year ago the press was making a number of sexy stories about some of the psychedelic drugs, but the responsible press is now leaning more toward factual stories. They come to see us quite often and from where I sit the stories now are more responsive, more responsible, and are better. You are always going to have a magazine or paper that wants to sell copy. But from where I sit they seem to be better and more factual.

Mr. EDWARDS. I am glad to hear that. As the chairman pointed out to me, neither one of us ever went around sniffing glue, but after reading about it in the paper I will have to admit when my young son was building a model airplane I did take the tube to see what there was to it. But I am glad to hear that.

Mr. FINLATOR. Did you get an effect from it, Mr. Congressman?

Mr. EDWARDS. Yes, after they picked me up off the floor.

One final question having to do with the Justice Department and your relationship with them and they with you.

Mr. Finlator said on page 6 of his statement that there had been a continuous transmittal of investigative intelligence from the FDA to the Organized Crime Division of the Justice Department.

My question is: How about vice versa. Do you, as a matter of practice, exchange information both ways and how is that handled?

Mr. FINLATOR. Yes, we do. It is handled on a personal basis—as a matter of fact at a pretty high level in the Bureau brought Mr. Eddie Anderson, who is Director of Investigations.

Mr. EDWARDS. You said you have a liaison?

Mr. FINLATOR. We have a liaison at the policymaking level. But Dr. Goddard has below him the operational work in kind which is almost a day-to-day type of relationship that we have with Mr. Peterson and his people.

Dr. GODDARD. I would like to supplement Mr. Finlator's remarks and say that we have had and enjoyed excellent relationships, good cooperation from the Justice Department in every aspect—not only that, but I think they feel the same way. We have received numerous letters from their agents commending our personnel for their cooperation in cases that involve both agencies. This has been the pattern right from the beginning. But it goes far beyond that and also can be said to be true of our relationships with State and local authorities. We recognize that the job is so large that we have to involve all of the other enforcement activities in their daily work and have them concerned about this problem, as well as utilizing to the fullest our limited field staff. So, Mr. Finlator's personnel and he, himself, have set this pattern of operations right from the very beginning.

Mr. EDWARDS. They have a list of some 3,000 names of suspects, I suppose in the organized crime arena. If you are like the other agencies, you have a copy of that list.

Dr. GODDARD. That is correct.

Mr. EDWARDS. I presume, then, in your normal operations when you run across a prospective organized crime operation you refer to that list, you try to correlate what you find with the Organized Crime Section and that this is a continuing routine process.

Dr. GODDARD. That's correct.

Mr. EDWARDS. Thank you, sir.

Mr. ST GERMAIN. Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

On the fact sheet from the Bureau of Drug Abuse Control, Fact Sheet 2, you estimate that 10 billion capsules of dangerous drugs were produced in the United States last year and that more than half of this quantity found their ways into the hands of drug abusers through illegal channels. Is that an accurate statement?

Dr. GODDARD. That was a statement that was made by my predecessor and it was based on the 1964 production levels for drugs of this particular series that come under the Drug Abuse Control Amendments. This statement was introduced in testimony related to the hearings that finally produced the Drug Abuse Control Amendments of 1965. I would have to say that we would regard this as an estimate. There is no question that the traffic was very widespread, that there were significant quantities being diverted. I would hate to have my feet held to the fire in saying that 5 billion dosage levels got into illicit traffic, however.

Mr. VANDER JAGT. This was an estimate based on the year 1964?

Dr. GODDARD. That is my recollection.

Mr. VANDER JAGT. And of the 10 billion capsules, more than half went into drug abuse?

Dr. GODDARD. Right.

Mr. VANDER JAGT. Through illegal channels?

Dr. GODDARD. Yes.

Mr. VANDER JAGT. Do you think there has been a dramatic reduction since 1964?

Dr. GODDARD. I don't believe we have the data that would substantiate such a statement. We know that we are making an increasing number of buys and we have a substantial number of cases now being worked on, but our surveillance system is not such that one could make a categorical statement of that nature.

Mr. FINLATOR. Right.

Mr. VANDER JAGT. Was it in May of last year that LSD was put on the control list?

Dr. GODDARD. That's correct, sir.

Mr. VANDER JAGT. So that under those amendments and under the laws that exist, it would be a misdemeanor to possess LSD today for distribution?

Dr. GODDARD. Yes, it is a misdemeanor to sell and cause to be distributed or manufactured and hold for sale LSD or its precursors—they are also under control.

Mr. VANDER JAGT. It would not be a misdemeanor under any Federal law to possess LSD for personal use?

Dr. GODDARD. No, it would not.

Mr. VANDER JAGT. And until May of last year it was no crime under Federal law to possess LSD for distribution, is that correct?

Mr. GOODRICH. LSD is an investigational drug and there are other controls over it. Now, the only legitimate distribution of LSD is under an investigational plan which we are monitoring very closely with the U.S. Public Health Service Mental Health Groups. Any LSD found outside those very limited areas of investigational use is illegal. Even if we couldn't do anything about the mere possession in a criminal way, we do have the authority and we do seize and take illegal LSD out of that channel.

Mr. VANDER JAGT. Was this true until May of last year?

Mr. GOODRICH. Yes. LSD was introduced some years ago. It was put under investigational use in 1962, after the drug amendments, the Kefauver-Harris amendments in 1962. There were additional controls over investigational drugs in that year following the thalidomide episode and LSD was caught in that in a very tight way and has been

monitored quite closely throughout the period since 1962. Prior to 1962 the controls over investigational drugs were looser but they have been tightened up since that time and as of today LSD is under the closest kind of control.

Dr. GODDARD. However, I should add that contrary to what some of the critics have said, there is scientific experimentation being carried out using LSD, exploring its potential usefulness in a therapeutic fashion and such research is not being hampered or prevented. There are about 40 such studies, as I recall, now actively being carried out by the scientific community.

Mr. ST GERMAIN. I was going to ask—you said there are 40 studies now going on. Have some studies been discontinued? Because we have some correspondence on this.

Dr. GODDARD. Yes, there have been some studies discontinued because of lack of a good scientific plan. The individual who proposes to use LSD, or any other drug in the investigational field, must submit a protocol which is evaluated by the Food and Drug Administration. With LSD, recognizing the special nature and problems surrounding it in our society we jointly, with the National Institute of Mental Health, did establish this past year a special review committee. This committee is a group of peers of those who would carry out such research. They review the proposals and then recommend to the Commissioner of Food and Drugs, and the Director of the National Institute of Mental Health, approval or disapproval. The drug is supplied from the National Institute of Mental Health which holds the legal supply.

Mr. ST GERMAIN. So, it is your opinion that in all probability those people who are corresponding with the committee complaining about the fact that research was not being allowed in this area, could very possibly be unhappy applicants whose applications were turned down?

Dr. GODDARD. That's one possibility, and of course, one has to keep in mind that there are always those scientists who feel there should be no control over any of their work. It is fine for somebody else, but not for them.

Mr. VANDER JAGT. When you discover that someone is illegally manufacturing a drug, counterfeiting a drug, what is the penalty for that?

Dr. GODDARD. Mr. Goodrich, is there a fixed penalty?

Mr. GOODRICH. No; the penalty arises out of the distribution of the product and each distribution is a misdemeanor with a maximum of 1 year, \$1,000, with some exceptions. But there seems to be adequate penalty for handling the problem.

Dr. GODDARD. May I ask, Congressman, Were you limiting your questions to the drugs under the drug abuse control law?

Mr. VANDER JAGT. Yes.

Dr. GODDARD. Counterfeiting of legitimate drugs.

Mr. VANDER JAGT. Right. Have you any kind of studies as to what the average penalty handed out by the Federal judges would be?

Mr. FINLATOR. No, we haven't, but we are making a study on that at present.

Dr. GODDARD. There is variance in terms of penalties meted out by the various courts who hold these cases under their jurisdiction.

Mr. GOODRICH. We receive a report on every one of them and we can accumulate that data for analysis. We are doing that now for our own information.

Mr. VANDER JAGT. You indicated that you thought probably the penalty was adequate now. We heard testimony here 2 weeks ago that when counterfeiting of a drug was discovered, there generally was a fine and that the maximum as a misdemeanor would be \$1,000, and since organized crime is moving into this field the \$1,000 fine means almost nothing. Would you care to comment on that testimony?

Mr. GOODRICH. A thousand dollars on each count of distribution. So, that will build up into a much larger figure on any substantial distribution.

Mr. FINLATOR. I would like to say the word is out—what you say is true, that some of the big boys are interested in getting into this field for many reasons. It is lucrative. The laws are new. They don't have the stiff penalty that they have under the old one and I am not saying this is yet good or bad. For instance, to willfully defraud, intent to defraud willfully is 3 years and we have had cases, cases where three or four counts have run consecutively, so haven't always been just 1 year.

Mr. VANDER JAGT. But you do not have any studies or estimates as to what the average penalty has been?

Dr. GODDARD. Not as yet. We are attempting to derive this data. Our experience literally has been about 1 year as far as our cases being carried to the courts are concerned. We do not feel this experience provides enough of a basis to make a really sound evaluation of whether or not the penalties are sufficient. We will be continuing to analyze this, however, and as I assured the Congress on at least one previous occasion, if we find this to be a significant problem we will be back and ask for additional legislative penalties.

Mr. VANDER JAGT. If you discover a firm that is counterfeiting a drug can you revoke their registration?

Mr. GOODRICH. No; but we can enjoin them from continuing in business. We put them out of business through the injunctive process. This is in addition to exacting criminal penalties.

Mr. VANDER JAGT. If they cease and desist from this counterfeiting can the injunction be removed?

Mr. GOODRICH. Yes; this is part of the genius of our system of equity, and this is an equitable remedy. They can be modified when changed conditions occur. But the remedy is also strong enough to assure that an illegal, illegitimate counterfeiting operation would not be allowed to continue.

Mr. VANDER JAGT. In fact, the judge would have to remove the injunction if they ceased and desisted from the illegal activity.

Mr. GOODRICH. If they show that they have brought themselves into compliance and there is no reasonable likelihood of a recurrence, he would let the plant go back into operation. It would still be under our surveillance for a while, I can assure you.

Dr. GODDARD. Yes.

Mr. VANDER JAGT. You mentioned in your educational program your work with the high schools and colleges. Do you have any public relations program or educational program with the State boards of phar-

macy or the pharmaceutical colleges and what are your efforts in that area?

Mr. FINLATOR. Well, we deal pretty closely with the State boards of pharmacy. I write to them personally myself. I have been through all of the original meetings of the National Association of Retail Pharmacies at which these men gather. I have met most of them. We do have a good relationship with them.

We are trying to get them involved in an educational program along with us, and most of them, I think, if we can give them some guidance, will do it. You must understand, Mr. Congressman, that we are just about neophytes so far, trying to get off the ground and the basic reason why Congress put us here, we think—but we are leading toward an educational program that involves not only the secretaries of the boards of pharmacy, but also the associations, the State pharmaceutical associations. All 50—all 100 we do deal with and write to and carry on correspondence and try to get them involved in the drug abuse problem.

Dr. GODDARD. I think Mr. Finlator mentioned earlier as well, that in 18 States we do have a pilot program and in most of these instances it is the State board of pharmacy that has the contractual arrangement with the Food and Drug Administration to carry out under our supervision and our guidelines the inspection of recordkeeping practices of local pharmacies. We would hope that we could enhance this activity, and enlarge it in scope—because the job of maintaining surveillance over 55,000 pharmacies in these United States is a considerable one and we think very properly could be carried out by the State agencies with the proper training available. We do have in this area a need for training authority, we believe, in order to not only carry out the surveillance activity, but also the cooperative training efforts. Mr. Finlator described these, involving other jurisdictions, State and local police activities.

Mr. VANDER JAGT. That leads to my final question, the job of supervising or keeping an eye on the 55,000 registered pharmacies and cooperation with State and local enforcement agencies.

In addition to your helping to train them and make them aware of the problem is there an attempt made at a division of labor—do they, supervise the legitimate operations whereas you concentrate on the illicit traffic?

Dr. GODDARD. Of course, that's the purpose of these 18 pilot projects, to attempt to have States assume this responsibility and to be able to assure us that these people are engaged in legitimate business and are maintaining proper records as required by Congress under these amendments.

Beyond that the division of labors, as I indicated, we do cooperate very closely with the State enforcement and local enforcement agencies. We are aware, however, that we do need to provide more training activities—they are interested in securing the training. But as I mentioned, we do lack specific congressional authorization in this area. The professional training amendments which we proposed last year to Congress, unfortunately were lost in the last days of the session. We could submit to you for the record, Mr. Chairman, two statements relative to this matter of training of State and local authorities and its significance.

Mr. ST GERMAIN. Without objection they will be put in the record.
(The information referred to follows:)

STATEMENT OF THE FOOD AND DRUG ADMINISTRATION REGARDING PROFESSIONAL
TRAINING AND COOPERATION AMENDMENTS

The Professional Training and Cooperation Amendments of 1966, introduced as H.R. 13884 in the 89th Congress, unanimously passed the House of Representatives too late in the session for Senate consideration. An identical bill has been introduced in the 90th Congress (H.R. 3912) by Representative Donohue, of Massachusetts.

The bill would amend the Federal Food, Drug, and Cosmetic Act for the purpose of strengthening and facilitating mutual cooperation and assistance, including training of personnel in the administration of the Food and Drug Act and of State and local laws relating to foods, drugs, devices, or cosmetics.

In reporting the bill to the House in 1966, the Committee on Interstate and Foreign Commerce stated clearly the need for this legislation:

"NEED FOR LEGISLATION

"In the past, FDA has provided formal training opportunities for State and local food regulatory officials but many of these officials were unable to attend these courses because of a lack of funds in many States providing for use of State travel. This bill authorizes the payment of travel expenses and a reasonable per diem to State personnel while receiving training under this bill.

"A study of State and local food and drug programs conducted by Public Administrative Services of Chicago which was completed in 1965 made the following recommendation on personnel:

"Although there is much that State and local agencies and universities can do for themselves and for each other, important advances in the area of training can be better achieved by a coordinated national effort. A concerted effort to overcome training deficiencies is a necessary element of a needed operational coordination that combines Federal, State, and local efforts. Advantages of such coordinated planning for training of food and drug workers across the country are clear.

"The reported bill would help work toward the coordinated national training effort referred to above.

"Existing law authorizes the FDA to utilize State or local personnel without reimbursement to aid in the enforcement of the Food and Drug Act. The bill would complement this existing authority by specifically authorizing the Secretary to accept assistance in the administration and enforcement of the Food, Drug, and Cosmetic Act from State and local authorities to pay for the reasonable cost of such assistance.

"The bill also grants specific authority for cooperation between FDA and State and local authorities in the administration and enforcement of their laws and regulations relating to food, drugs, devices, or cosmetics, and also enacts into permanent law provisions contained in appropriations acts authorizing contracts for the special tests and analyses and for information furnished to him by hospitals or other institutions (other than information required by law to be furnished) bearing on the safety or effectiveness of drugs or other articles covered by the Federal Food, Drug, and Cosmetic Act."

STATEMENT OF THE FOOD AND DRUG ADMINISTRATION ON TRAINING OPPORTUNITIES
FOR STATE AND LOCAL REGULATORY OFFICIALS

In 1962 FDA initiated a formal training program for State and local food regulatory officials. Success in this initial training effort led to the almost immediate adoption of training courses for State personnel in the field of drug abuse following passage of the drug abuse control amendments in 1965.

In conjunction with the development of a pilot project for State participation in drug abuse control with the Bureau of Drug Abuse Control (BDAC), FDA developed a 4-day training course in retail drug inspection for the benefit of drug inspectional personnel of the participating State agencies. The course will ultimately be made available to all the States having an active interest in drug

abuse control. The course provides instruction in community pharmacy inspection and drug accountability auditing techniques. The primary objective in this training program is to improve the skills of State drug-control inspectors for their role in the joint Federal-State drug abuse control project wherein the participating State agencies will assume responsibility for the control of drug abuse at the community pharmacy level. Four training courses have been held in fiscal year 1967 attended by 95 drug-control officials representing 32 States and one metropolitan drug-control agency selected for initiation of this coordinated Federal-State program. A cadre of BDAC field agents serve as instructors in this course with assistance by the Office of Legislative and Governmental Services. At the request of State and local officials participating in the pilot program, FDA has agreed to augment the formal training course with on-the-job training through joint fieldwork particularly in the areas of drug accountability investigations. This program also calls for periodic work planning sessions with the cooperating agencies. In fiscal year 1968 the Food and Drug Administration plans four similar training courses.

In addition, three drug training programs of 1 week duration have been held in Washington for State and local law enforcement officers, and some 50, 1- to 2-day drug institutes or seminars have been held in the field. Similar institutes are being scheduled throughout the country by our field office directors in conjunction with schools of pharmacy in their areas.

With additional legislative training authority, more and varied courses for State and local officials involved with regulatory drug abuse work could be undertaken by FDA. In his February 9, 1967, message transmitting the National Crime Commission report, the President recommended " * * * funds to enable the Federal Bureau of Narcotics and the Food and Drug Administration to enlarge their existing enforcement training programs, so that they can reach a far greater number of local and State enforcement officers." We have been gratified at the overwhelming response to our efforts to date, and feel sure that an expanded program would be extremely beneficial to both the Federal Government and to State and local participants.

Dr. GODDARD. May I also add, an important ally in this area has been the national organizations related to pharmacy. They have been a good channel of distribution of information detailing what is required by the pharmacies. These organizations have worked very closely with us to make certain that all of the pharmacists receive the information with respect to their individual responsibilities. Without their assistance our job would have been indeed immeasurably difficult.

Mr. VANDER JAGT. Thank you. Thank you, Mr. Chairman.

Mr. ST GERMAIN. I would like to go on to a series of questions here.

Do you have any specific cases that you can point out to us that would illustrate the cooperation that you have had, let us say, with the Organized Crime Section of the Department of Justice wherein the information they receive from you has been helpful to them or the information you received from them has been helpful to you?

Mr. FINLATOR. Yes, we do. I wonder if it would be more advisable if we submitted this to you at a later date for the record.

Dr. GODDARD. We have provided, for example, data on about 300 organized crime individuals or situations that have come to the attention of the Bureau of Drug Abuse Control to the organized crime group at the Department of Justice.

Mr. ST GERMAIN. Do you have in the alternate, where you have supplied information?

Mr. GODDARD. This is what I am referring to.

Mr. ST GERMAIN. Do you have a listing of those, where, as a result of information supplied to you—

Mr. FINLATOR. They have given us leads and requests for assistance—this type of thing, and any time we request something of them we get it. Our best relationship actually is at the field level where our

nine field chiefs have a personal and close contact with the FBI people themselves.

Mr. ST GERMAN. Does this find its way up to your office, also?

Mr. FINLATOR. Yes.

Mr. ST GERMAIN. So, you do have records on these cases?

Mr. FINLATOR. Yes.

Mr. ST GERMAIN. If you would, we would appreciate your submitting them for the record at this point.

(The information requested follows:)

STATEMENT OF THE FOOD AND DRUG ADMINISTRATION REGARDING COOPERATION
BETWEEN THE BUREAU OF DRUG ABUSE CONTROL AND OTHER FEDERAL AGENCIES

Our close cooperation with the FBI is exemplified by two recent investigations conducted by BDAC. During the course of negotiating for the purchase of illicit drugs, a BDAC undercover agent attached to our New York field office received information pertaining to a burglary involving over \$125,000 worth of goods, which had occurred 2 years prior to this June 1967 investigation by BDAC. This information was immediately transmitted to the local FBI headquarters. The subsequent investigation, conducted jointly by the FBI and BDAC, led to the arrest of four individuals and the recovery of the stolen merchandise.

Another recent case documenting close cooperation between BDAC and the FBI involved a BDAC agent in New York. This agent learned of a quantity of merchandise hijacked from an interstate shipment. The BDAC agent was joined in his undercover activities in the investigation by the FBI. This joint investigation resulted in three arrests and the recovery of some of the loot involved in the theft. In each of these two episodes, the FBI forwarded letters commending the BDAC agent.

BDAC personnel have assisted other Federal agencies in similar fashion. Among these agencies are the U.S. Secret Service. In one instance, a BDAC undercover agent negotiated with a group of violators who offered a quantity of counterfeit U.S. currency. Our agent introduced an undercover Secret Service agent to these violators. The resulting joint investigation culminated in the arrest of the criminal group and the seizure of illicit drugs and counterfeit currency.

On another occasion, a BDAC agent, working under cover, provided an introduction to an organized crime syndicate member for an IRS undercover agent.

The cooperation afforded the FBI by BDAC is a two-way street. We have received in excess of 15 informational and investigative transmittals from the FBI outlining instances of possible illicit drug activities. Further, the FBI supplies BDAC with a lecturer for each BDAC training school and each advanced training session.

A further service offered to us by the FBI is use of their laboratory facilities. At present, we have a number of tableted compounds in the FBI laboratory for neutron activation analysis.

Mr. EDWARDS. You mean examples of these?

Mr. FINLATOR. I understand.

Mr. ST GERMAIN. In line with the question on the dates, I wonder if you would care to comment and possibly illustrate for us how this cooperation has increased since the initiation or establishment of the Organized Crime and Racketeering Section of the Department of Justice?

Dr. GODDARD. Mr. Chairman, could we provide that information for you? It is not immediately available.

Mr. ST GERMAIN. Yes, all right.

(The information referred to follows:)

Since the establishment of the Organized Crime Task Force at the Department of Justice, the FDA has intensified and become more aware of its investigations which may have a bearing on organized crime. Most of the involvement of organized crime in areas regulated by this agency has come since the early 1960's. It is thus difficult to measure or give examples of such increased cooperation.

Mr. St GERMAIN. Have you found that you have had to follow a hands-off policy with respect to certain individuals that you felt you could make a case against because of a request from another Federal agency that you do stay away from these individuals because of certain affiliations that they have and certain aids they are giving to those other agencies?

Mr. FINLATOR. Only if we agree to it and we in turn have requested the same thing.

Mr. St GERMAIN. You mentioned a film on LSD. Did this particular film illustrate the possible effects—some of those that have occurred—I think I recall a few suicide cases, as a result of people going through the experience.

Dr. GODDARD. Yes, I am told that this will illustrate some of the effects, some of the outcomes. The film is in the final stages of production. I haven't even seen it—we haven't had the first screening of it yet.

Mr. St GERMAIN. Do you have a statement on the deleterious effect of drugs? This is in line with your educational program. Does this include the deleterious effects of the drugs, rather than just what they will do for you?

Dr. GODDARD. Oh, yes, indeed, it tends to emphasize this point, Mr. Chairman.

Mr. St GERMAIN. Would you submit that for the record, also?

Dr. GODDARD. Yes.

(The information requested follows:)

[From the Bureau of Drug Abuse Control, August 1966]

FACT SHEET 4

DEPRESSANTS (SEDATIVES-HYPNOTICS)

This group includes a number of drugs, such as the barbiturates, the most widely abused among the depressants.

Medical use

Barbiturates depress the central nervous system, and are prescribed in small doses to induce sleep. They are also valuable in cases of acute anxiety, hyperthyroidism, and high blood pressure. Because of their sedative, but nonanalgesic effects, barbiturates are used in treating both physical and mental illnesses.

Abuse

Continued and excessive dosages of barbiturates result in slurring of speech, staggering, loss of balance and falling, quick temper, and a quarrelsome disposition. Overdoses, particularly when taken in conjunction with alcohol, result in unconsciousness and death, unless given proper medical treatment.

While an unsteady gait and speech problems may be signs of neurological disorders, such as multiple sclerosis, such diseases are uncommon among young men. Usually, the appearance of drunkenness without an alcoholic breath indicates barbiturate intoxication.

Although physical dependence does not develop with the dosages normally used in medical practice, it does occur with the excessive doses used by drug abusers. Tolerance is also an important characteristic. Withdrawal symptoms usually are far more dangerous than those resulting from narcotics withdrawal.

The barbiturates

Barbiturates are known to drug abusers as barbs, candy, goofballs, sleeping pills, or peanuts. Specific types are often named after their color or shape; for example:

1. Pentobarbital sodium (in solid yellow capsule form) is known by abusers as yellows, yellow jackets, or nimbies (after a trade name of this drug).
2. Secobarbital sodium, in red capsule form is called reds, pinks, red birds, red devils, seggy, and seccy (after trade names).

3. Amobarbital sodium, combined with secobarbital sodium, in red and blue capsule form, is known as rainbows, red and blues, double trouble.
4. Amobarbital sodium (in solid blue capsule form) is known by abusers as blues, bluebirds, blue devils, or blue heavens.

[From the Bureau of Drug Abuse Control, August 1966]

FACT SHEET 5

HALLUCINOGENS

This group includes among other drugs mescaline, a chemical taken from the peyote cactus; psilocybin, extracted from Mexican mushrooms, and LSD-25, a lysergic acid derivative that is the best known of the hallucinogens.

Effects of LSD

Eating, inhaling, or injecting even as small a quantity of LSD as 1/280,000 of an ounce causes symptoms ranging from hallucination, distortion, and intensification of sensory perception to panic, impulses toward violence, suicidal acts, and psychosis. These effects, totally unpredictable and varying widely from person to person, may last from 8 to 10 hours, and recur without taking the drug again.

There are also physical effects associated with the use of LSD. There is an increase in blood pressure, heart rate, and blood sugar, accompanied by nausea, chills, flushes, irregular breathing, trembling, and sweating of the hands. Sleep becomes virtually impossible until at least 8 hours after the LSD episode is over; pupils are so widely dilated that the user has to protect himself against the light with dark glasses, even at night.

Hallucinogens do not produce a physical dependence; however, the user may develop a psychological addiction, but this is not yet certain.

Medical use

After nearly 20 years of clinical research and 2,000 papers published in scientific journals, no medical use has as yet been found for LSD. Together with other hallucinogens, it is considered an investigational drug; indeed, its action on the body and nervous system is not yet understood.

LSD as a therapeutic adjunct in the treatment of various mental disorders, alcoholism, or autistic or psychotic children and adults is being tested and evaluated.

Abuse

The use of hallucinogens as "mind-expanding" drugs was first suggested by Aldous Huxley in the early 1950's; it has lately become something of a vogue or cult in "beat" circles and on college campuses as the result of the publicity engendered by Timothy Leary, who, several years ago, was dismissed from Harvard University.

The use of LSD can have disastrous consequences and frequently requires extensive psychiatric treatment to restore the individual.

Because of the growing abuse of LSD, the only licensed manufacturer and investigator of the drug voluntarily ceased manufacture in April 1966.

Since the government has taken steps to curb the illegal traffic in lysergic acid and lysergic acid amide, chemicals from which LSD can be made, drug abusers will be using LSD of untested purity and strength. Experimentation with bootlegged "bathtub" LSD, peddled to the abuser in a sugar cube with an unknown dose of the drug, may be even more dangerous than the use of legally manufactured LSD has been.

[From the Bureau of Drug Abuse Control, August 1966]

FACT SHEET 6

STIMULANTS

This group of drugs, which includes the amphetamines, directly stimulates the central nervous system, producing excitation, alertness, increased initiative and activity, and an ability to go without sleep for protracted periods of time.

Medical use

Amphetamines are prescribed for overweight patients, to reduce their appetite; in cases of narcolepsy, a disorder characterized by an overwhelming desire for sleep; for Parkinson's disease; and in some cases of minor mental depression.

Abuse

Because the body develops a tolerance to amphetamines, abusers increase their dosages gradually, which wildly exaggerates the normal effects of these drugs and results in excitability, talkativeness, tremor of the hands, enlarged pupils, and heavy perspiration. In serious cases, there is a drug psychosis resembling schizophrenia, delusions, and hallucinations, both auditory and visual. These effects are particularly dangerous when amphetamines are taken by long distance drivers to ward off sleep, for they are unaware of their fatigue until it overcomes them and each year causes serious accidents on the highways.

Amphetamines are frequently used by criminal elements to increase their courage and alertness during their exploits.

While amphetamines do not cause physical addiction, abusers develop a psychic or emotional dependence on these drugs. Continued abuse of amphetamines can cause high blood pressure, abnormal heart rhythms, and even heart attacks.

The amphetamines

Amphetamines are known to drug abusers as pep pills, wake-ups, eye-openers, copilots, truckdrivers, or bennies, after a trade name of this drug. As with other dangerous drugs, the slang names applied to them by abusers frequently are derived from the shapes and colors of capsules and tablets, their effects, or their use. Some examples are:

1. Amphetamine sulfate, in rose-colored, heart-shaped tablet form, is known as peaches, roses, hearts, or bennies.
2. Amphetamine sulfate, in round, white, double-scored tablet form, is called cartwheels, whites, or bennies.
3. Long-acting amphetamine sulfate capsules, found in many colors, are known as coast-to-coasts, L.A. turnabouts, copilots, or browns.
4. Amphetamine sulfate, in oval-shaped tablets of various colors, are called footballs or greenies.
5. Injectable amphetamine, in the jargon of the abuser, is bombido, jugs, or bottles.
6. Dextroamphetamine sulfate, in orange-colored, heart-shaped tablet form, is known as hearts, oranges, or dexies (after a trade name of this drug).

Mr. ST GERMAIN. Prior to the formation of the Organized Crime and Racketeering Section did you have a coordinating, a coordination policy with the other agencies that are dealing with the same problems that you are dealing with, especially in the area of organized crime? Mr. Finlator might have difficulty with this in that his agency has been organized for a short period.

Dr. GODDARD. I would, too, because I only came to the Food and Drug Administration in January 1966. However, Mr. Goodrich, who has been involved in this for some 28 years, can comment more effectively.

Mr. GOODRICH. We have always operated in the Department of Justice through the Criminal Division. All of our cases have been handled there. They have been civil cases. We have had close relationship with the Bureau of Narcotics for many years, with Mr. Anslinger and all of their people. The first proposals in connection with barbiturates, as you remember back in 1948 was to place them under the narcotics controls and we did coordinate with the Bureau of Narcotics at that time in developing what became the Drug Abuse Control Amendments of 1965. But throughout all these years as we became more involved with the criminal element in the distribution of drugs, after we moved from the drugstores as the prime outlet into the truck stops and other areas, we maintained contact with other law enforcement agencies, not with the intensity that Mr. Finlator now has and

not with the results he is now getting. But we recognized for a great many years the need to coordinate with the Bureau of Narcotics and others.

Mr. ST GERMAIN. How about your coordination with the FBI, Mr. Finlator?

Mr. FINLATOR. We have a very close coordination with the FBI for several reasons. No. 1, because I think it is rather stupid for federally investigative outfits not to cooperate with each other and if I have seen a lack of it I have gone out for it myself. I have gone out to try to develop this type of coordination myself, rather than sitting back as a new organization and letting them come to me.

I believe in the principle of working together and cooperation as a great management principle and I know that if you believe in that principle, then you take steps to get involved in it, which we have on a very affirmative basis. I assure you. Six of my nine field chiefs are former FBI agents and I chose them on purpose because I wanted that type of discipline on the Bureau and I wanted that type of cooperation in the field.

Conversely, we have from the Bureau of Narcotics, to somewhat the disgruntlement here, some 30 of their best agents and who are now working with BDAC who applied for jobs with us. We have a number of disciplines and a number of good relationships with all of them.

Dr. GODDARD. I do not have any bad relations with a single one of them.

Mr. ST GERMAIN. I took note of the fact that you illustrated in your testimony the people that you had been able to recruit from other agencies and I am wondering what the motivating factor was that you employed in order to convince these people to come over to BDAC?

Mr. FINLATOR. I don't know. It is a series of things, I suspect.

Mr. ST GERMAIN. Would it be a new agency?

Mr. FINLATOR. That would be part of it.

Mr. ST GERMAIN. Or are the levels a little better?

Mr. FINLATOR. Many of the people came to us horizontally and you would be surprised—not a large number, but a considerable number came at a lower grade to come with us. I think it is the newness of the new outfit, plus the fact that the drug abuse problem is an exciting one for the investigator.

Dr. GODDARD. I would have to add that another factor which would relate to the newness of BDAC. Recruits from other agencies would perceive the opportunities to move ahead perhaps more rapidly than they could in their own organization because of age comparability and other factors.

From the point of cooperation, the other agencies have extended real cooperation in our training programs, as well as in other ways. I don't think that there is anymore disgruntlement than the normal one would expect when you lose some of your agents to a new activity; because these people have cooperated and have helped us get into business.

Mr. FINLATOR. May I add that we have just completed this past week a case in New York, a hijacking case in which we were working with the Federal Bureau of Investigation in close cooperation with them.

Mr. ST GERMAIN. You bring up hijacking and that was the question I had.

In your testimony, I think both of you illustrated or mentioned the controls that you use over drugs. But I am wondering, what happens once a shipment of drugs is hijacked—then where are your controls?

Dr. GODDARD. They cease to exist. This puts us in the undercover activity in the investigative field. This is where the past training and experience of these agents that we have recruited has proven to be extremely valuable. This is also where it is important to work very closely with other Federal, State, and local agencies.

Mr. ST GERMAIN. Have you found any high incidence of the hijacking of brand names or generic drugs as opposed to the other types of drugs?

Dr. GODDARD. No. Aside from the drug abuse drugs—I am sure you are asking across the board—most of it tends to concentrate on the drugs under the control amendments, because the profit margin is so great at the street sale level for these drugs. But in the other area, no, there is no substantial evidence that this has occurred.

Mr. FINLATOR. When there is a hijacking, they've got a fence somewhere and we meet old Charlie some night and we buy from him and we find out about it fairly soon. They've got to get rid of it.

Mr. ST GERMAIN. With respect to the infiltration of organized crime into its operations, I believe you mentioned one instance in Chicago. Could you at this time mention any other instances or examples, specifically?

Mr. FINLATOR. Yes. We have had a number of them in which organized crime was involved. If I may mention—we had one in Chicago which I mentioned to you. We had another one in Michigan in which a company was involved.

Mr. ST GERMAIN. Was this a registered firm?

Mr. FINLATOR. Yes, sir.

Mr. ST GERMAIN. Had this company been inspected?

Mr. FINLATOR. They had been audited.

Mr. ST GERMAIN. Had been audited. Is there a difference between an audit and inspection?

Mr. FINLATOR. Not as far as we are concerned.

Dr. GODDARD. Just a minute. Yes, indeed. The audit goes to the recordkeeping practices with respect to the drugs that fall into the drug abuse amendments. I tend to use the term inspection in connection with our routine kind of inspection of the drug manufacturing establishment.

Mr. ST GERMAIN. Who is in charge? Who are the principals? Who is charged with seeing that it is in sanitary condition, proper potency and what have you?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. An audit had been carried out. This had not been carried out?

Dr. GODDARD. I cannot answer it specifically—I cannot answer this specific question on the firm without referring back to the records.

Mr. ST GERMAIN. We would appreciate it if you would submit it for the record.

Dr. GODDARD. We will.

(The information requested follows:)

The Michigan pharmaceutical firm referred to had previously been inspected by FDA, prior to the organization of BDAC.

Subsequent to legal action against the firm, an accountability investigation of the firm was immediately initiated by BDAC. A short time later, a confirming accountability investigation was accomplished and discrepancies were noted along with serious deficiencies in the required recordkeeping. BDAC, through the U.S. attorney's office in Detroit, requested a court order to seize the controlled drugs located in the firm's premises based on the accountability investigation.

Mr. ST GERMAIN. This firm you say had been audited and you later found that this firm was involved in the illicit traffic of drugs and you had reason to believe that there was an involvement with organized crime, is that correct?

Mr. FINLATOR. That is correct.

Mr. ST GERMAIN. Now, this information came to you later, subsequent to the audit?

Mr. FINLATOR. Right.

Mr. ST GERMAIN. How long after the audit, if you have that information?

Mr. FINLATOR. It was about a month and a half.

Mr. ST GERMAIN. Did this information come to you as a result of the audit or as a result of other investigations?

Mr. FINLATOR. It was other—undercover, not as a result of the audit. However, we have had cases where it has been a result of the audit.

Mr. ST GERMAIN. You mentioned the Chicago case and you mentioned this case. Could you mention some of the other cases?

Mr. FINLATOR. I would prefer if you do not mind, giving you a rundown on that at a later time. I think there are about—these would illustrate what you want.

Mr. ST GERMAIN. And if you would give us—I do not expect you to be terribly factual because this might violate or be harmful to your work. But where you can, let us know whether it is as a result of an audit, inspection, or undercover work or other information.

Mr. FINLATOR. Very well. We will do that.

(The information referred to follows:)

There are several instances documenting the involvement of organized crime figures in BDAC cases. One example is a recent case in the Middle West. An undercover BDAC agent met a violator at Chicago, Ill., and negotiated for the purchase of 1 million amphetamine tablets for a price of \$23,000. This violator, himself a member of Chicago's syndicate and related to a top Mafioso, introduced the agent to his illicit drug supply source who, besides having been previously involved in a high jacking, was an organized crime figure and affiliated with members of the Cosa Nostra. He also owned and operated a registered drug firm in Chicago.

During the negotiations for the amphetamine units, 175,000 dosage units of drugs were purchased from this criminal group. Ultimately there was active participation by five of the group's members. However, one of the purchases consisted partially of caffeine rather than amphetamine when an attempt was made to dupe the purchasing agent into accepting counterfeited merchandise which had considerably less value in the criminal market.

Another BDAC agent, initially acting with a second agent and then continuing alone, met members of this organized crime group under the guise of a syndicate loan shark racketeer.

During the second undercover phase of this investigation, the undercover agent was offered the chance to buy a high jacked truckload of pharmaceuticals and sundries worth well over \$125,000. The group of hoodlums believed that in consummating the fraudulent sale of caffeine tablets a war between two criminal groups would result. Thus, they returned the money involved in that

purchase to one of the undercover agents and in return demanded the return of the counterfeit drugs. Naturally this could not be done. As a result, this organized crime group resorted to the assignment of a known Chicago underworld "enforcer" who came armed to several meetings with the undercover BDAC agents. Subsequently, the group acquired a "hit contract" calling for the murder of the two BDAC agents who were thought to be "juice" racketeers. This contract was arranged for between the traffickers and an extremely high level Mafia leader in the Chicago area.

About 2 months after the initial undercover contact, the criminals involved were arrested by BDAC agents in Chicago and approximately 1 million additional units of amphetamine and barbiturates were seized. This case is currently involved in litigation in the Federal courts. While the defendants were released on sizable bonds, the body of the hoodlum who took most active part in the transaction was found floating in the Chicago River with a strand of wire around one wrist. There is presently an active investigation of this death.

This investigation was initiated through a combination of intelligence data, undercover investigation and previous Food and Drug Administration records. Earlier FDA inspections of the firm owned by one of the defendants documented the fact that the firm owner had trafficked in controlled drugs in the past.

Another case, currently involved in prosecution, began in one section of the country where BDAC agents were purchasing large quantities of amphetamine tablets from the owner of a drug firm. In an undercover conversation with this violator, the owner of the firm stated that he was falsifying records of alleged large shipments of amphetamine tablets to a location in the Far East and that he was making payments to foreign nationals from that area of the world. These foreign nationals are associated with a U.S. exporting firm.

Investigations further disclose that the plant owner-violator arranged for the shipment of an extremely large quantity of amphetamine tablets to be shipped from the United States in large drums which were destined for the Far East and which were documented as containing amphetamine tablets.

Upon examination of the drums after their seizure, they were found to contain cement, covered by a thin layer of amphetamine tablets. By falsifying records indicating that the total shipment consisted of amphetamine tablets, the violator hoped to channel the balance of the amphetamine units into the illicit traffic.

Another investigation showing the participation of organized crime in the illicit traffic of drugs began when, in an undercover capacity, an agent of the Bureau of Drug Abuse Control negotiated with a registered distributor for the clandestine manufacture and illegal sale of controlled drugs.

The registered distributor sold the undercover agent over 100,000 dosage units of amphetamine tablets which were being produced in a clandestine laboratory.

The distributor was arrested by BDAC agents when he delivered 800,000 of these clandestinely manufactured amphetamine tablets to the undercover agent.

Subsequent investigation led to the arrest of the clandestine manufacturer and the seizure of his equipment.

Mr. ST GERMAIN. Now, as of this date how many registered firms do we have?

Mr. FINLATOR. We have a registration—the people who registered is 5,700.

Mr. ST GERMAIN. Of these, how many have been inspected?

Mr. FINLATOR. 647.

Mr. ST GERMAIN. Have been inspected. Do you feel you are going to be able to cover the balance within the 2-year period as required by your own regulation?

Mr. FINLATOR. No, sir. When I say no, it depends upon—

Mr. ST GERMAIN. Let us be honest. The figures speak for themselves.

Mr. FINLATOR. The figures speak for themselves; 647 out of 5,700—and we are devoting—we have a policy to devote 40 percent of our time, of the agent's time to the records accountability program.

Mr. ST GERMAIN. If I may understand this clearly, the inspection is carried out by the 254 agents in BDAC. And 40 percent of the time of these agents is spent in inspecting?

Mr. FINLATOR. I say our policy is to reach 40 percent of the time.

Mr. ST GERMAIN. How are we going to solve the problem, Mr. Finlator? You need more agents, correct?

Mr. FINLATOR. It is pretty obvious.

Mr. ST GERMAIN. Or less manufacturers.

Mr. FINLATOR. Or take them off the street from the criminal work and put them full time on the record accountability program. We made an administrative decision that at present seems to be a good one, 40 percent of the accountability work and 60 percent criminal work. This work that we are doing here is not an inspection of the plant, you understand that. This is an accountability record check of the records of the company.

Mr. ST GERMAIN. How about the inspections of the plant?

Dr. GODDARD. These are carried out by our district office inspectors. The cycle there will vary according to the past records of the plant. Generally they try to accomplish this within a 2-year period. Every 2 years, each firm is visited at least once by an inspector who goes into the broad inspection.

Mr. ST GERMAIN. Sanitary conditions—who is in control—whether or not they have criminal backgrounds?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. How do you stand at the present time in this area of inspection?

Dr. GODDARD. Our district offices are meeting their responsibility of inspection every 2 years.

Mr. ST GERMAIN. One inspection every 2 years?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. Of all 5,600?

Dr. GODDARD. Mr. Finlator was referring to the auditing which covers a broader group of firms that the inspection of the nature we are talking about.

Mr. ST GERMAIN. Now we are talking about manufacturing plants.

Dr. GODDARD. He has to look at wholesalers as well. That's why the number is at odds with the number of 1,800 producers.

Mr. ST GERMAIN. You have 1,800 producers?

Dr. GODDARD. 1,800, 1,600 firms producing drugs.

Mr. ST GERMAIN. Of these how many are—you say you are current with your 2-year inspection.

Dr. GODDARD. Yes.

Mr. ST GERMAIN. You testified as to the type of inspection?

Dr. GODDARD. Yes.

Mr. ST GERMAIN. You feel that is the complete inspection that satisfies you, Dr. Goddard?

Dr. GODDARD. No, it doesn't. We are making an extensive analysis of how we conduct our inspections, what factors we look at. We have employed Booz, Allen & Hamilton for the past year to work with us as our management consultants because we are up against the problem of manpower shortages in the general area of food, drug, and cosmetic work. Some of the inspection cycles in food plants are now up into 6 and 7 years between inspections. This is because of the workload that has grown at a disproportionate rate with regard to our inspection force. Now, rather than simply employing more inspectors, we are looking at the method of inspection to see if we can identify what

are the critical elements of inspection in order that an individual inspector can cover more plants with the same kinds of outcomes. It will raise our efficiency level, if you will. I am not overly optimistic, I must say. The disparities are so great—we have 30,000 food processing firms and 70,000 establishments in that category alone. We have about 6,000 to 8,000 drug firms—these include repackagers, relabelers, et cetera. We have a couple thousand cosmetic firms. Also we have all the imports to inspect. Last year, in the import area alone we detained 8,994 imports and that was 10 percent of what we had sampled. We only sampled one-third of the total imports. So the disparities are indeed great and we have to seek some other solutions.

Mr. ST GERMAIN. With respect to the legislation, I think you may have seen that I've asked to have prepared, and it was referred to by Mr. Edwards—actually, this would require inspection prior to the issuance of a registry number. The thing that then occurred to me and troubles me, it does nothing for those firms already registered but not inspected. Would you provide me with what you think would be a fair amendment to that amendment, proposed amendment that would cover, and that would be practicable for the agencies as far as inspection of those firms already in possession of a registry number?

Dr. GODDARD. Yes, sir.

Mr. ST GERMAIN. With respect to LSD, how many people are now manufacturing LSD?

Dr. GODDARD. None in this country. The entire supply of LSD which is legally being used for research purposes was turned over to the National Institute of Mental Health by Sandoz Pharmaceuticals last year.

Mr. ST GERMAIN. The next question is—evidently it is a patented process?

Dr. GODDARD. I don't believe it is.

Mr. ST GERMAIN. Let us ask the question in a different manner. Is it difficult to manufacture?

Dr. GODDARD. No. Of course, this is where the other world that we are concerned about comes into the problem. We have attempted to control the precursors, the chemical precursors of LSD as well as the compound itself. But it is not that difficult to manufacture. A chemist in a matter of 4 or 5 hours with the proper equipment in a garage, loft, or wherever you will, could produce significant quantities of it.

Mr. ST GERMAIN. Have you apprehended any illegal manufacturers of LSD?

Mr. FINLATOR. Yes, sir.

Mr. ST GERMAIN. Would your people have any statistics for us?

Mr. FINLATOR. Yes; if I might say we have knocked off 17 clandestine laboratories which were making LSD and we picked up over a million dosage units of it.

Mr. ST GERMAIN. You used the term "clandestine laboratories." Have there been any registered plants manufacturing LSD?

Mr. FINLATOR. No.

Mr. ST GERMAIN. In each and every instance this was nothing but where LSD was manufactured by certain individuals who had the knowledge and ability?

Mr. FINLATOR. They were making DMT or something else along with it, but they were LSD labs.

Mr. ST GERMAIN. It is a violation of the law in the District of Columbia for an individual to be in possession of or to use LSD?

Dr. GODDARD. No, sir; it is not.

Mr. ST GERMAIN. Some of these people that you have come across using it or in possession of it, have they been helpful to you as to identifying the source?

Mr. FINLATOR. In some instances; yes, sir.

This is really the guts of our work, to try to get somewhere else, other than the man you are buying from.

Mr. VANDER JAGT. If it were a violation of law to be in possession of it in the District of Columbia, would you be inclined to get greater cooperation from them in revealing the source?

Mr. FINLATOR. Not necessarily.

Dr. GODDARD. We have certain States, Congressman, where possession is a felony. And I do not believe that there are any differentials that have come to light in terms of an advantage in those States versus the others. Here again I would emphasize that the experience is miniscule.

Mr. VANDER JAGT. Just in general, if an individual has the violation of the law hanging over his head, does that not tend to make him a little more cooperative than if he is in violation of absolutely no law?

Mr. FINLATOR. Yes; it does in some cases.

Dr. GODDARD. You have to balance this with the other side of the problem.

Mr. FINLATOR. It depends upon the individual, too, and whether he will cop out and become an informer. It depends upon many things.

Mr. VANDER JAGT. It would certainly remove one of the incentives to cooperate, the fact that it is not a violation of any law.

Mr. FINLATOR. I don't know how to answer that one. It could be, yes. But I don't think I could categorically say "Yes."

Mr. VANDER JAGT. Thank you.

Mr. ST GERMAIN. Mr. Rothenberg.

Mr. ROTHENBERG. As a matter of fact, possession is a violation if the FDA can establish that the person does not possess it for personal use?

Dr. GODDARD. That is correct.

Mr. ROTHENBERG. For a member of the family or for an animal?

Dr. GODDARD. That is correct.

Mr. ROTHENBERG. How would you go about establishing that?

Dr. GODDARD. That is basically on the quantities involved and what we have uncovered in the investigation of the individual. In other words, a college student is found in possession of let us say, one dose, of 125 micrograms of LSD, and our investigation does not reveal that he is peddling this to the other students on campus. This comes under the possession of the individual for his own use. If, on the other hand, we find under similar circumstances, the student in possession of 100, 150 doses, then there is a reasonable assumption one could make that this is being offered for sale by the individual.

Mr. FINLATOR. We just arrested someone in Texas with 100,000 peyote buttons on him for possession—no sale.

Mr. ROTHENBERG. Is not the statute unrealistic on that? You couldn't prove your case.

Mr. GOODRICH. We haven't had any difficulty so far.

Mr. ROTHENBERG. In proving possession to be a violation?

Mr. FINLATOR. Where you have 100,000—

Dr. GODDARD. Or even 100.

Mr. ROTHENBERG. I'm talking about a user.

Mr. GOODRICH. We found very few cases, if any at all, where the person had it solely for his own use.

Mr. ROTHENBERG. How do you make your case? What I do not understand is—

Mr. GOODRICH. We make our case generally by having purchased from him. This is the most direct and best evidence and gets at the major source of the trouble.

Dr. GODDARD. I think this is important. As the Federal agency with limited resources, we concentrate our efforts in trying to identify the initial source of the drug, not who is using the drug illicitly as an individual. We think that is appropriate—that we should concentrate on trying to ferret out the producers and knock out the elements in the distribution line of the drug, rather than worrying about an individual in the pool hall or in a barroom. We should leave this to the States—and this is why it is important that we cooperate with them, with the activities at the local level which are not related to finding the ultimate source of the drug.

Mr. ROTHENBERG. How effective is this in the District of Columbia?

Mr. GOODRICH. We just completed prosecution here in the District of Columbia under our law that was publicized in the newspapers. We were able to prove to the satisfaction of the jury that these young people were in possession of the product for purposes other than for their own use.

Mr. ST GERMAIN. Excuse me. If they are brought into court, do they not have to indicate that it was for their own use?

Mr. GOODRICH. We have to prove it was not.

Mr. ST GERMAIN. The burden is on the Government.

Mr. GOODRICH. Congress wrote that in the legislation. We willingly accepted that burden. We felt we were concerned with commercialism in these drugs. This was our major problem, we would have our hands full regulating commercialism. We believed we would be in a position to prove possession for sale in 99 out of 100 cases. We also had a means of seizing the LSD even if it were in possession of a person for his own use: we had a civil remedy. This was different than making possession of a few barbiturates or a few amphetamines that you got from a pharmacy without a prescription, against the Federal law. This was the judgment Congress reached. We concurred in it.

Mr. ST GERMAIN. Of the 17 firms that you, as you put it, have knocked off to date, clandestinely manufacturing LSD, have you identified a tie-in with organized crime with any of them, with some of them, or with all of them?

Mr. FINLATOR. With some of them.

Mr. ST GERMAIN. Approximately, or would you rather not state it?

Mr. FINLATOR. I would say with some of them, but not with all of them.

Mr. ST GERMAIN. Have the FDA had any occasion to investigate or take any action against any members of the Neo-American Church who use LSD and other hallucinogenic drugs?

Dr. GODDARD. Yes, we have. One of the boo hoos has been identified in one State and four others have been arrested and brought to trial by the Bureau of Drug Abuse Control.

Mr. ST GERMAIN. Are you aware, or do you have any information as to the present activities of Boo Hoo Kleps?

Mr. FINLATOR. Yes. We know him very well. We know of him.

Mr. ST GERMAIN. Has he been indicted at this point?

Mr. FINLATOR. No. Not by the Federal Government.

Mr. ST GERMAIN. Are you aware of his whereabouts at this time?

Mr. FINLATOR. In New York.

Mr. ST GERMAIN. Has he been further south recently?

Mr. FINLATOR. Yes.

Mr. ST GERMAIN. Specifically?

Mr. FINLATOR. Alabama.

Mr. ST GERMAIN. What was that last one?

Mr. FINLATOR. In Florida, too.

Mr. ST GERMAIN. Do you know what area in Florida?

Mr. FINLATOR. Sarasota.

Mr. ROTHENBERG. Was he not also in southwest Miami?

Mr. FINLATOR. Yes.

Mr. ROTHENBERG. Did he not have a church in southwest Miami?

Mr. FINLATOR. Yes. We arrested the boo hoo of Florida and he was tried and convicted.

Mr. ROTHENBERG. What was the violation?

Mr. FINLATOR. Selling LSD to one of our agents.

Mr. EDWARDS. You just raised a whole series of new questions. What do you know about him in Alabama?

Mr. FINLATOR. Ostensibly to set up a church in Birmingham. We think that his modus operandi is to have a church in every State with a boo hoo in charge of each State or area.

Mr. EDWARDS. Is boo hoo sort of a trademark or something?

Mr. FINLATOR. It is the high priest.

Mr. EDWARDS. Do you know whether he, in fact, was able to set up anything in Birmingham?

Mr. FINLATOR. We don't know yet.

Mr. EDWARDS. I hope he was just passing through on the way to Florida.

Thank you, Mr. Chairman.

Mr. ST GERMAIN. If we might identify for the record what actually is the Neo-American Church? What is it that they would worship or believe in?

Dr. GODDARD. We will provide that for the record.

(The information requested follows):

STATEMENT OF THE FOOD AND DRUG ADMINISTRATION REGARDING THE
NEO-AMERICAN CHURCH

The Neo-American Church purports to be a religious organization which utilizes psychedelic substances as sacraments. At present, its movement is believed to be confined to the United States. It maintains that psychedelic substances are sacraments. That is, divine substances, no matter who uses them or for what reason they are used.

The patriarchs of the Neo-American Church claim it to be one of the three major religious organizations in the United States using psychedelic drugs as sacraments. The other two are the Native American Church (which has for

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centuries used peyote in religious rites, a function which has been exempted by regulation from the requirements of statutory law as set forth in the drug abuse control amendments), and the Church of the Awakening.

The Neo-American Church considers itself to the "left" of the other two churches, for it does not employ set rituals, make conditions for membership other than full agreement with its principles, or regulate the frequency or intensity of the sacramental experience. It does not place emphasis on regular public meetings or the maintenance of places of worship at special locations but takes the view that the important places in the Neo-American world are the lodges located away from the usual population centers, staffed by its clergy and other activities. The followers may visit these lodges for days, weeks, months, or years at a time.

The clergy of the church are referred to as boo hoos and at this time there are approximately 21 located throughout the United States. They include such publicized persons as Timothy Leary, Lisa Bieberman, Arthur Kleps, and Judy Kuch. Kleps is the patriarch of the East and James Boudreau is the patriarch of the West.

The structure and function of each lodge is the responsibility of the boo-hoo in charge. The appointment of boo hoos is the responsibility of either patriarch. The use of property owned by the boo hoo may be given over entirely to the church or property may be sold or rented by the church. Other arrangements are used depending on local circumstances. A boo hoo without a congregation is not recognized as a boo hoo. If he does not maintain a lodge to which members may come for "sacramental experience" and/or does not hold meetings to which members may come for prayer and the exchange of ideas, such boo hoo will be removed from office and a new boo hoo appointed in his place. Each boo hoo is granted a certificate of ordination by the church and those boo hoos who function as primates, encouraging and coordinating the activities of boo hoos in a given geographical area, are issued a certificate of consecration. The patriarchs are the only officers of the church with the authority to issue certificates of ordination or consecration or with the power to cancel them. There is but one chief boo hoo, Arthur Kleps, who has supreme authority in the Neo-American Church, restricted only by its bylaws.

Rituals, prayer form, religious music, et cetera, are left entirely up to the invention and inspiration of the local boo hoo and his congregation. However, the suggestions of Timothy Leary and the writings of Allan Watts are considered more seriously by the church than the works of any other individuals.

Morning Glory Lodge located in the eastern shore of Cranberry Lake in the Adirondack Mountains of New York State consists of a house and four cabins on 2 acres of land, completely isolated from other private holdings. This lodge has a dock, beach, boats, refrigeration, electricity, plumbing, et cetera. "Pilgrims" are implored to bring their own bedding, food, and camping equipment. Children under the age of 14 are not allowed. Pilgrims are told that they probably must do their own cooking and housekeeping and a "donation" of \$40 to \$50 a week is expected of those who have exclusive use of a cabin. In a publication inviting such pilgrimages to the lodge, the latter requirement was tempered by the statement, "But we can usually find a place for you to sleep if you are only able to take care of your own expenses and are willing to do some work."

Boo Hoo Lisa Bieberman is the church's top activist in its position with regard to the law. Constant solicitations are made of members encouraging a forwarding of contributions to Boo Hoo Bieberman who in turn provides methods for making peyote and morning glory seeds palatable. Solicitations for contributions are also made for the defense of members of the church and one such fund is known as the "Timothy Leary Psychedelic Defense Fund, 886 United Nations Plaza, New York City." Membership in the Neo-American Church involves a \$5 fee.

To avoid enforcement action, the sale of the "true host" (LSD) takes place in the "temple." The church suggest that marihuana is the best psychedelic for group meetings but that 10 or 15 micrograms of LSD will "usually produce a similar withdrawal of the outer curtain."

An extremely important item is the recognition of SPIN, the supersecret, highly trained defensive arm of the Neo-American Church. According to the church's own definition of SPIN (Society for the Prevention of Injustice to Neo-Americans) the unit is "made up entirely of young men of fanatical and paranoid dispositions" and serves to insure a supply of the "true host" to members "held by the enemy and to carry out special assignments designed to prevent further persecution of our religion." The church invited new members in

SPIN by circulating the following: "If you happen to be a little paranoid, why not be constructive about it? Join SPIN through the chief boo hoo. Please observe rigid security precautions."

Two of several strategic concepts of the chief boo hoo are:

(1) To make a special effort to reach young people, poor people, and criminals (adding "every prison should have a congregation.") and,

(2) To turn over police informers to SPIN for "appropriate action."

In further connection with SPIN, the following is taken verbatim from a publication which was circulated under the name of "The Neo-American Church, Morning Glory Lodge, Cranberry Lake, N.Y."

"If psychedelic people are deprived of their religious liberty by force, and, God forbid, all legal steps to redress our grievances are exhausted, it would seem that civil war is inevitable. It is difficult to imagine the present Supreme Court acting to suppress our church, but one cannot entirely dismiss the possibility of some future change in the entire structure of American Government, away from our traditional freedoms and toward militarism, authoritarianism, and thought control.

"Of course, honorable men would rather risk death in combat than surrender their freedom. Fortunately, although we would risk death and imprisonment ourselves during such a conflict, it might be possible to fight it in such a way that few casualties would occur on the other side, that is, with psychedelic "weapons"—clouds of dust sprayed over cities, LSD in the water supply, et cetera. Psychedelic 'assassinations,' perhaps with a spray of DMSO and LSD, could be carried out against those politicians or military figures responsible for overthrowing the Bill of Rights.

"It is unfortunate that we should be obliged to even consider such possibilities, which are naturally repugnant to anyone of decent sensibilities, but the power-holders of our age grow increasingly arrogant; they are given to imagining that they hold sway over a corral of sheep rather than act as servants to a free people. Better to remind them of the facts of life now than to allow them to maintain a fantasy of unbridled power."

A list of the Neo-American Church's clergy and a copy of the membership application of the church is attached.

LIST OF CLERGY AS OF THIS DATE

Arthur Kleps, Patriarch of the East and Chief Boo Hoo of the Neo-American Church, Morning Glory Lodge, Cranberry Lake, N.Y.

James Boudreau, Boo Hoo of Salem, Primate of Oregon, Patriarch of the West, 850 Thompson NE., Salem on the Willamette, Oreg. 97301.

Lisa Bieberman, Boo Hoo of Boston and Cambridge, Primate of Massachusetts, 26 Boylston Street, No. 3, Cambridge, Mass. 02138. (Send a stamped envelope for Psychedelic Information Center newsletter.)

Walter Bowart, Boo Hoo of Manhattan, the Other, 147 Avenue A, New York City 10009 (Send \$3 for subscription of 24 issues.)

Ben Osterberg, Boo Hoo of St. Petersburg, Primate of North Florida, 2626 Emerson Avenue, St. Petersburg, Fla.

Richard Bird, Boo Hoo of Miami, Primate of South Florida, 1518 Monza Avenue, Coral Gables, Fla.

Curtis Kubiak, Boo Hoo of Philadelphia, Primate of Pennsylvania, 1623 Haworth Street, Philadelphia, Pa. 19124.

Fred Lenherr, Boo Hoo of Watertown, Primate of Connecticut, Taft School, Watertown, Conn.

William Bullard III, Boo Hoo of Chapel Hill, Primate of North Carolina, Post Office Box 222, Chapel Hill, N.C.

Ron Kelleher, Boo Hoo of Long Island, 16 Eatondale, Bluepoint, N.Y.

J. D. Kueh, Boo Hoo of Washington, Primate of the Capital Area, 2323 Nebraska Avenue, Washington, D.C. 20016.

Adele Angier, Boo Hoo of the Bronx, 2032 Creston Avenue, Bronx, N.Y. 10453.

Timothy Leary, Boo Hoo of Millbrook and Protector of Mexico, Castalia Foundation, Millbrook, N.Y.

Tord Svenson, Keeper of the Divine Toad, 40 Tulle Street, Dorchester, Mass.

Thomas N. Thompson, Boo Hoo of Buffalo, 109 Ashland Avenue, Buffalo, N.Y.

D. A. Levy, Boo Hoo of Cleveland, Primate of Ohio, c/o Asphodel Book Shop, 465 The Arcade, Cleveland 14, Ohio.

Kent Taylor, Boo Hoo of Lakewood, Lakewood, Ohio.

Victor Pasnick, Boo Hoo of Chicago, 9700 South Avalon, Chicago, Ill. 60628.

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Susan Bennett, Boo Hoo of Gainesville, 411-B NW, 15th Street, Gainesville, Fla.
 Dave Andress, Boo Hoo of Troy, 261 Liberty Street, Troy, N.Y.
 James Perry White, Boo Hoo of Tampa, 5604 9th Street, Tampa, Fla.
 Kimberli Harrison, Boo Hoo of Palm Beach, 601 27th Street, West Palm Beach, Fla.
 Cleve Gallat, Boo Hoo of Boca Raton, Florida Atlantic University, Boca Raton, Fla.
 Al Freitas, Boo Hoo of Sacramento, 641 Sunset Avenue, Bryte, Calif.
 Daniel Doll, Boo Hoo of Hartford, Box 725, Trinity College, Hartford, Conn.

MEMBERSHIP APPLICATION

THE NEO-AMERICAN CHURCH,

Morning Glory Lodge, Cranberry Lake, N.Y.

Arthur Kleps, Patriarch of the East and Chief Boo Hoo
 James Boudreau, Boo Hoo of Salem, Primate of Oregon, Patriarch of the West
 Members of the Neo-American Church subscribe to the following principles:

(1) Everyone has the right to expand his consciousness and stimulate visionary experience by whatever means he considers desirable and proper without interference from anyone;

(2) The psychedelic substances, such as LSD, are the True Host of the Church, not "drugs." They are sacramental foods, manifestations of "the Grace of God," of the infinite imagination of the Self, and therefore belong to everyone; and

(3) We do not encourage the ingestion of psychedelics by those who are unprepared.

If you agree with these principles, and wish to join the Church, fill out the following spaces, sign, enclose \$5, and turn in this application to the nearest Boo Hoo (leader) of the Church.

Name_____Address_____

Date_____Phone_____Occupation_____

Local Boo Hoo should return this application to either Patriarch for filing.

Mr. ST GERMAIN. I do not suppose that you, Dr. Goddard, or anyone with you would be aware of how many inspectors the USDA has?

Mr. GOODRICH. No, we don't.

Dr. GODDARD. My impression is of the order of magnitude of 4,000 or 5,000.

Mr. ST GERMAIN. I would ask committee counsel if he could obtain those figures for our record. I think he knows what information we want to establish a comparison with. We would insert it in the record at this point.

(The information referred to follows:)

U.S. Department of Agriculture—Food inspectors and graders as of June 30, 1967
 (except as noted)

	<i>Number of inspectors</i>
Meat:	
Meat inspectors	1 4, 076
Meat graders	489
School lunch meat acceptance inspectors	39
Animal food inspectors (cat and dog food)	1 6
Total meat	4, 610
Poultry:	
Poultry inspectors	1 2, 487
Poultry graders	1 635
Total, poultry	3, 122

*U.S. Department of Agriculture—Food inspectors and graders as of June 30, 1967
 (except as noted)—Continued*

	<i>Number of inspectors</i>
Fruits and vegetables:	
Fresh fruit and vegetables.....	148
Processed fruits and vegetables.....	857
Raisins	227
Total, fruits and vegetables.....	1, 232
Dairy product graders.....	146
Grain inspectors	271
Total, USDA	9, 381

¹ As of May 31, 1967.

Mr. St GERMAIN. I would like to leave one question for you to answer for the record and that is: Do you have any recommendations which would make the Federal effort against organized crime more effective in any areas in which you have responsibilities?

Now, if you want to go into the lack of your authority at this point to use any electrical devices or anything whatsoever this would be helpful to the committee and the committee would appreciate it.

Mr. Rothenberg?

Mr. ROTHENBERG. There is no resolution on the question of whether marihuana should be the subject of law enforcement or whether it should be treated medically, and this relates to the question: If it could be determined that marihuana should not be the subject of law enforcement, then all those forces which are used for that purpose could be directed to matters that might be considered more important.

Would this help in the fight against crime?

Dr. GODDARD. Your question gives me great difficulty because, first of all, I don't know in depth what percentage of the Bureau of Narcotics agents' time is devoted to marihuana, versus seeking out the sources of hard narcotics. So I am really not in a position to say whether or not it would materially aid in the efforts of the broader issue of drug abuse.

Mr. ROTHENBERG. What about the first question, whether or not it should be handled as a medical problem or law-enforcement problem?

Dr. GODDARD. I don't like to seem to seek refuge behind the plea that we don't have enough information, but I must say I have reviewed the scientific literature on marihuana, and I am impressed by the paucity of data, the need for a great deal more research and factfinding before such conclusion could be drawn.

If you are asking for my opinion today, I don't think it would be acceptable to our society to condone the use of marihuana in the fashion that many suggest. However, I would caution again by saying that we don't really know much about chronic use of marihuana. We know some of the acute hallucinogenic effects and that's where it stands. We have been talking with the National Institute of Mental Health and others in the scientific community about this—every one in the scientific community is concerned about this.

Mr. ROTHENBERG. Is anybody making an effort to answer this question?

Dr. GODDARD. I think efforts are being considered. I can't say realistically that anyone is making an effort to answer it immediately. But such studies that are indicated are being actively considered.

Mr. ROTTENBERG. The National Crime Commission reported recently that they did not have time nor facilities to do this research in depth.¹

Dr. GODDARD. Yes.

Mr. VANDER JAGT. Mr. Chairman. I would like to ask just one last question that seems to summarize the whole session.

This estimate for which you do not claim authorship, but of 10 billion drugs manufactured each year, over half of which find their way into drug abuse through illegal channels, what do we need to do to stop that? Evidently you feel that you have enough authority and power. What do we need to do? This strikes me as a very startling situation.

Dr. GODDARD. Assuming these figures are accurate for purposes of the discussion, then I think the most effective step is to bring the manufacturers in compliance in terms of the recordkeeping practices, preventive diversion from wholesale establishments, making certain that there is an inspection carried out prior to issuance of registration—we think this is an important step to be followed through—and the retail level should involve the State boards of pharmacy and licensing authorities throughout the States in improving the recordkeeping practices of the pharmacists—holding that source of diversion to a minimum. These are the obvious steps. I think there is a much more fundamental kind of issue that we haven't solved, and this again is what I was alluding to earlier. We need badly to carry out studies to find out why people are willing to risk their health by using drugs that are produced for legitimate purposes. What is there in society that can be altered? What educational programs can be developed by us to bring us back a little more to where we were 20, 30 years ago when drug abuse was a minimal problem in our society?

This thing is burgeoning today and mushrooming. I think this latter, although it sounds deceptively simple, is extremely complex, but it is extremely important to us, otherwise we would turn into a hedonistic society that worships through the use of drugs and some advocate this, as you well know.

Mr. ST GERMAIN. Doctor, however, in line with your concluding statement, as to bringing us back to 20 or 30 years ago, I think that this is just one of the—could we not consider this one of the ills of a fast-moving, fast-progressing society with so many improvements and life changing so rapidly that people unfortunately are looking to these other areas with utter abandon, looking for escape that they did not have as much to escape from probably 30 years ago. I do not know what they are trying to escape from now. But it is also important, I would think, Doctor, to see that we have the necessary controls.

Dr. GODDARD. Yes.

Mr. ST GERMAIN. Because that probably would be the easiest solution right now—that last one may take a long time to figure out.

Dr. GODDARD. I agree, it seems easier, but I submit in terms of our problems of society, unless we do both we are going to continue to have trouble. The narcotics problem is with us today to a greater extent apparently than it was 30 or 40 years ago. I don't disagree that these are expressions of societal ills and we are turning the clock back and

¹ See "The Challenge of Crime in a Free Society," pp. 223-225; and the task force report on "Narcotics and Drug Abuse" of the President's Commission on Law Enforcement and the Administration of Justice p. 14.

changing our living conditions—and all of the other associated factors. But I do suggest we badly need to develop something that will help us have the proper attitude toward drugs in society, that we develop proper kinds of outlets for escape, if escape is indicated.

Mr. ST GERMAIN. Doctor, to follow up on what Mr. Vander Jagt brought up and what you responded to, would you agree, unfortunately, in many of our States, our boards of pharmacy, and regulatory agencies are not taking the proper steps they should be taking? In fact, unfortunately, as far as some of the legislation with respect to pharmaceuticals is concerned, in some States you have members of the legislature who are also involved in the pharmaceutical industry and they want to look the other way and want as few controls as possible. I say this from looking at the results of legislative sessions in the past few years where legislation that I think would have been very helpful, and the case of codeine, at the last minute was killed by individuals who had a conflict of interest.

Dr. GODDARD. Well, Congressman, earlier I alluded to the desirability of changing our methods of operation; that we are looking today at how we conduct our affairs. It strikes me and my associates that one of the major changes which has to occur is greater involvement of the States in these areas of the control of drugs, et cetera. There are some proper divisions of labor that can be made. We are handicapped both on the Federal and State levels by the lack of legislative authority. I am sympathetic with the problems faced by the State administrators, the Governors on down, because of the problems of the tax being so fixed at the State level. We need to have a program aimed at improving capability of the States, No. 1 to require the improvements, and there are very sophisticated ones involved; No. 2, to train personnel who can operate these things and carry out the kind of inspections that would be most effective and productive; and, No. 3 to establish the general working relationship so there is a proper division of labor.

We are involved with the medicated feed manufacturers. There are 12,000 of those in the United States. We are involved with pesticides. Many others could be effectively implemented at the State and local level if we did have a program from the Food and Drug Administration which would provide moneys to the States to have people employed, get the equipment and carry out certain activities.

Mr. ST GERMAIN. With respect to the involvement of organized crime in the hallucinogenic drugs and other abused drugs it is to the advantage of organized crime to have this loose condition in the States.

Mr. FINLATOR. Very much so, yes, sir.

Mr. ST GERMAIN. So the States should keep this in mind when looking at this legislation.

Mr. FINLATOR. I think, Mr. Chairman, the States are taking a better look at it through the encouragement of the President in his crime speech and our encouragement, too. As a matter of fact, 28 States in the last 2 years have now considered and have laws on the hallucinogenic drugs. There are another 10 or 11 that are presently considering such laws. You can see with the problem that we have, if those statistics are right, and I don't know whether they are or not. If there is anything close to it you can see with the few people the Federal Government has, the 254 we have—we've got two men in Detroit, two

men in Buffalo, three men in Philadelphia. We don't even scratch the surface.

Mr. ST GERMAIN. Do you have any in Rhode Island?

Mr. FINLATOR. No, but we get there once in a while.

Dr. GODDARD. We cover that from Boston.

Mr. FINLATOR. The stretch here is such that we are embarking on getting everybody involved that we can. The reason that our arrest record is low is the fact that we turn over a number of cases to State and local people because we want to get them involved and it multiplies us. If we are going to stay at the level we are we have to do more and more.

Mr. EDWARDS. I just wanted to say this has been a very productive morning and I appreciate all you gentlemen coming. It has been one of the best hearings we have had along this line.

Mr. ST GERMAIN. I, too, on behalf of the committee would like to thank you gentlemen for coming and your associates and personally congratulate them and commend them on the testimony they have given, the frankness with which they have admitted to the difficulties involved because certainly these problems cannot be solved unless we all recognize they exist and I am sure the people with whom we are concerned, with whose welfare we are concerned are all very grateful to each and every one of you here for this morning's hearings.

Thank you.

The committee will be recessed until the call of the Chair.

(Whereupon, at 12 m. the hearing adjourned, subject to the call of the Chair.)

APPENDIX

FEDERAL BUREAU OF INVESTIGATION,
U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., July 5, 1967.

Hon. DANTE B. FASCELL,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: The testimony of Mrs. Margaret Kreig given before your Subcommittee on Legal and Monetary Affairs on June 13, 1967, has come to my attention. Certain statements made by Mrs. Kreig on this occasion are inaccurate and I would like to set the record straight.

Mrs. Kreig inferred the FBI prevented the Food and Drug Administration from interviewing Carl Austin Hall and Bonnie Brown Heady, the subjects in the Greenlease kidnaping case. She indicated that had these interviews been conducted the drug abuse problem today throughout the Midwest would be much less.

Actually, Roy Pruitt, agent in charge of the St. Louis Office, Food and Drug Administration, interviewed both Hall and Heady on two occasions: First on November 27, 1953; and again on December 15, 1953. Hall furnished him a signed statement on the first interview disclosing where and how he obtained drugs he had been using.

In addition, all information developed in this case pertinent to the responsibilities of the Food and Drug Administration was furnished to that agency. It has always been the practice of the FBI to disseminate information we develop concerning matters under the jurisdiction of other agencies, whether Federal, State or local, to those agencies.

Sincerely yours,

J. EDGAR HOOVER.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE FOOD AND DRUG ADMINISTRATION WASHINGTON, D. C. 20204		1967 REGISTRATION OF DRUG ESTABLISHMENT		FORM APPROVED BUDGET BUREAU No. 57-R017.2	
<p>Instructions are on the last page. Detach last page and read carefully before completing this form. Furnish all attachments in QUADRUPLICATE.</p>					
1. FDA ESTABLISHMENT REGISTRATION NO. (For FDA use only)		2. REASON FOR SUBMISSION		FOR FDA USE ONLY	
		<input type="checkbox"/> ANNUAL REGISTRATION <input type="checkbox"/> BUSINESS ACTIVITY CHANGE <input type="checkbox"/> NEW REGISTRANT <input type="checkbox"/> OWNERSHIP CHANGE <input type="checkbox"/> LOCATION CHANGE			
3. TYPE OF OWNERSHIP		4. NAME AND LOCATION OF ESTABLISHMENT		6. NAME OF OWNER OR NAMES AND TITLES OF PARTNERS OR CORPORATE OFFICERS AND DIRECTORS OF ESTABLISHMENT	
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> COOPERATIVE ASSOCIATION <input type="checkbox"/> CORPORATION (and State of incorporation) <input type="checkbox"/> OTHER (Specify)		5. OTHER NAMES USED BY ESTABLISHMENT IN DRUG-PRODUCING OR DRUG-HANDLING ACTIVITIES AT THIS LOCATION			
7. DO YOU HANDLE DEPRESSANT, STIMULANT, OR HALLUCINOGENIC DRUGS? (IMPORTANT - See definitions under instructions)					
<input type="checkbox"/> YES <input type="checkbox"/> NO Check type of operation only if "YES."					
8. SIGNATURE OF AUTHORIZED INDIVIDUAL		TITLE		<input type="checkbox"/> MANUFACTURER, REPACKER OR RELABELER <input type="checkbox"/> JOBBER, WHOLESALER OR DISTRIBUTOR	
				DATE COMPLETED	
NOTE: VALIDATION OF THIS FORM IS NOT TO BE CONSTRUED AS FEDERAL GOVERNMENT ENDORSEMENT OR APPROVAL OF THE ESTABLISHMENT OR ITS PRODUCTS.					

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INSTRUCTIONS

THIS REGISTRATION IS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 510 OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT AS AMENDED BY THE DRUG AMENDMENTS OF 1962 AND 1965. FAILURE TO REGISTER IS A VIOLATION OF SECTION 301(a) OF THE ACT AS AMENDED.

WHO MUST REGISTER. Owners or operators of all drug establishments not exempt under Section 510(g) of the Federal Food, Drug, and Cosmetic Act or Part 132.51 of the Code of Federal Regulations, that engage in the manufacturing, preparation, propagation, compounding or processing of a drug or drugs or in the wholesaling, jobbing, or distributing of any depressant, stimulant or hallucinogenic drug are required to register EACH such establishment, whether or not the output of the establishment enters interstate commerce. Owners or operators of establishments who are submitting new drug applications or antibiotic forms, FD-1675 and/or FD-1800 preparatory to engaging in the manufacture, preparation, propagation, compounding or processing of a drug or drugs are required to register before the new drug application or antibiotic forms are approved. *No registration fee is required.

TIMES FOR REGISTRATION. The owner or operator of an establishment entering into the manufacture, preparation, propagation, compounding, processing, repackaging or relabeling of drugs or the wholesaling, jobbing, or distributing of depressant, stimulant or hallucinogenic drugs must register such establishment within 5 days after the beginning of such operation. Owners or operators of all establishments so engaged must register annually between November 15 and December 31 for the succeeding calendar year (i.e., registration which is accomplished between November 15 and December 31, 1966 is valid for the calendar year 1967).

THIS FORM REGISTERS ONLY THE ESTABLISHMENT WHOSE NAME AND ADDRESS APPEAR IN ITEM 4, AND OTHER BUSINESS NAMES USED BY THE ESTABLISHMENT IN DRUG PRODUCING OR DRUG HANDLING ACTIVITIES AT THAT ADDRESS AS IDENTIFIED IN ITEM 5. FOR REGISTRATION OF ANY OTHER NEW OR ADDITIONAL ESTABLISHMENT, REQUEST FORM FD-1597 FROM DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, FOOD AND DRUG ADMINISTRATION, DRUG REGISTRATION, 200 C STREET, SW, WASHINGTON, D. C. 20204, OR THE NEAREST FDA DISTRICT OFFICE.

SEE REVERSE OF THIS SHEET FOR INSTRUCTIONS FOR COMPLETION AND MAILING.

INSTRUCTIONS (CONTINUED)

NOTE: THIS FORM HAS CHEMICALLY TREATED PAPER: NO CARBON IS REQUIRED

Item 1. FDA Establishment Registration No. This is the establishment registration number assigned by FDA to the establishment listed in Item 4, and to the other names used by the establishment as listed in Item 5.

Item 2. Reason for Submission. Place an X in the appropriate box.

Item 3. Type of Ownership. Place an X in the appropriate box to indicate type of ownership. If the establishment is a corporation, enter the State where incorporated.

Item 4. Name and Location of Establishment. If there has been any change in name and/or address as printed on the form, type or print necessary changes. Please verify or add zip code.

Item 5. Other Names Used by Establishment in Drug-Producing or Drug-Handling Activities at This Location. List all names under which your establishment conducts drug activities at the location shown in Item 4. If names have been added or deleted since last registration, type or print necessary changes. If firm has no other names, write "None."

Item 6. Name of Owner or Names and Titles of Partners or Corporate Officers and Directors of Establishment. Enter the appropriate names and titles. If additional space is required, attach sheet(s) in quadruplicate.

Item 7. Do you Handle Depressant, Stimulant or Hallucinogenic Drugs? Place an X in the appropriate box or boxes.

DEFINITION: The term "depressant or stimulant drug" means any drug which contains any quantity of:

- Barbituric acid or any of the salts of barbituric acid.
- Any derivative of barbituric acid which has been designated by the Commissioner under Section .502(d) of the act as habit-forming.
- Amphetamine or any of its optical isomers.
- Any salt of amphetamine or any salt of an optical isomer of amphetamine.
- Any substance which the Commissioner, after investigation, has found to be, and by regulation designates as, habit forming because of its stimulant effect on the central nervous system.
- Any substance which the Commissioner, after investigation, has found to have, and by regulation designates as having a potential for abuse because of its depressant or stimulant effect on the central nervous system or its hallucinogenic effect.

Item 8. Signature of Authorized Individual, Title, and Date Completed. The individual authorized to sign documents for the establishment should enter his signature, title, and date signed.

DETACH THIS INSTRUCTION SHEET AND RETURN THE REMAINING FOUR COPIES INTACT TO:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
FOOD AND DRUG ADMINISTRATION
DRUG REGISTRATION
200 C STREET, SW
WASHINGTON, D. C. 20204

A VALIDATED COPY OF THIS REGISTRATION FORM WILL BE RETURNED TO THE LOCATION ADDRESS SHOWN IN ITEM 4.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
FOOD AND DRUG ADMINISTRATION,
Washington, D.C.

INSTRUCTIONS FOR FORM FD-1597, INITIAL OR AMENDED REGISTRATION OF DRUG ESTABLISHMENT

(Read carefully before completing the form)

A. GENERAL INFORMATION

1. Registration of a new establishment

Registration with the Food and Drug Administration is required within 5 days following the beginning of manufacture, preparation, propagation, compounding,

or processing of a drug or drugs within an establishment or the wholesaling, jobbing, or distributing of stimulant, depressant, or hallucinogenic drugs. Registration is also required within 5 days after the submission of a new drug application or antibiotic forms FD-1675 and/or FD-1800, whether or not such operations have been initiated. Thereafter, forms for accomplishing the required annual registration will be mailed directly to the establishment by the Food and Drug Administration.

2. Definition of drug establishment which should register

A drug establishment is a place of business under one management group and at one physical location. At this place of business, drugs, (including medicated feeds) are manufactured, prepared, propagated, compounded, or processed; or stimulant, depressant, or hallucinogenic drugs are wholesaled, jobbed, or distributed.

One establishment doing business under several names at the same physical location and under the same general management should register only once, under the principal name. Report the other business names under item 5, "Other names," or lists on a separate sheet and attach to the registration form. These names also will be recorded under the registration number for the establishment, provided drug activities are conducted under these names at the address shown in item 4.

When a firm has establishments at more than one physical location, each such establishment must be registered on a separate registration form.

"Drug establishment" includes those which repack or relabel drugs in bulk of dosage form (or modify labels or labeling by addition to or subtraction from) as part of a wholesale distribution activity. For example, an association of several pharmacies which buys drugs in large quantities and repacks them for distribution to two or more retail outlets must be registered. The term also includes those who distribute, wholesale, or job stimulant depressant, or hallucinogenic drugs.

The term "depressant or stimulant drug" means (1) any drug which contains any quantity of barbituric acid or its salts, or any derivative of barbituric acid which has been designated by the Commissioner as habit forming; (2) any drug which contains any quantity of amphetamine, its optical isomers, salts, or any substance which has been designated by the Commissioner as habit forming because of its stimulant effect on the central nervous system; or (3) any drug which contains any quantity of a substance which the Commissioner has designated as having a potential for abuse because of its depressant or stimulant effect on the central nervous system or its hallucinogenic effect.

Consulting laboratories, which operate independently of drug manufacturers or repackers, but engage in drug control activities for other registered drug establishments, must register.

A drug control laboratory which is operated by a drug manufacturer or repacker for its own purposes but is physically in a location different from its registered manufacturing or repacking operation must be registered separately.

Drugs include: Prescription and nonprescription drugs in dosage forms; veterinary drugs; medicated feeds; vitamins intended for therapeutic use; crude drugs or botanicals intended for therapeutic use; bulk drugs or medical chemicals; viruses, serums, toxins, or other biological products for human or animal use; and components of these drugs.

3. Drug establishments not required to register

Establishments which should not register include:

(a) Pharmacies or medical practitioners licensed by law, who do not manufacture, prepare, propagate, compound, or process drugs for sale other than in the regular course of their business of dispensing or selling drugs at retail, or used in the course of their professional practice.

(b) Hospitals, clinics, and public health agencies maintaining establishments in conformance with local laws regulating the practices of pharmacy and medicine; and regularly engaged in dispensing prescription drugs upon prescription of practitioners licensed to administer such drugs for patients under their care.

(c) Drug warehouses, wholesalers, brokers, jobbers, and distributors who do not handle stimulant, depressant, or hallucinogenic drugs and who

do not change, subtract from, or add to labels or labeling of drugs handled, and do not repack these products from bulk to other containers for sale by themselves or others.

(d) Business or sales offices of drug firms at a location or address different from the manufacturing or repacking establishment and which do not wholesale, job, or distribute stimulant, depressant, or hallucinogenic drugs.

(e) Drug control laboratories physically located with and controlled by the drug manufacturer or repacker registered at that location.

(f) Drug research and development establishments engaged solely in research and development, or in providing consultative services only.

(g) Carriers receiving, carrying, holding, or delivering a drug or drugs in the usual course of business as carriers.

(h) Officers, employees, and agencies of the United States, a State government, or a political subdivision of a State, while acting in the course of their official duties.

If after reading the drug establishment registration requirements in the Drug Amendments of 1962 and the Drug Abuse Amendments of 1965, the regulations issued under these amendments, and the explanation above, you are still uncertain whether you should register, you may write to Drug Registration, Department of Health, Education, and Welfare, Food and Drug Administration, 200 C Street, SW, Washington, D.C. 20204 for an opinion. State the nature of your business, the kinds of products made or handled, and the reasons you believe you should not register.

4. Drug establishment registration number

A drug establishment registration number is assigned by the Food and Drug Administration to each registered establishment. For a firm with establishments at more than one location, a different number is assigned for each different location. This number will be shown on the validated copy of the registration form returned to your establishment. Future correspondence with FDA relating to the establishment or its products should bear the establishment registration number.

5. Amendment to registration

Changes in individual ownership, corporate or partnership structure, location, other names used by establishment, or drug-handling activity must be submitted on Form FD-1597 as amendment to registration within 5 days after such changes. Changes in the names of officers and directors of corporations do not require such amendment but must be shown at the time of annual registration.

B. COMPLETION OF THE ITEMS ON THE REGISTRATION FORM

Complete the registration form as described below. Type or print clearly. The form has chemically treated paper and no carbon paper is required.

Item 1—Establishment registration number

Leave blank if this is initial registration. If submitting an amendment to registration, enter the establishment's FDA registration number.

Item 2—Reason for submission

Check applicable box as follows:

New registrant.—Establishment identified in item 4 is being registered with FDA for the first time.

Annual registration.—Establishment previously registered with FDA, is re-registering.

Ownership change.—Any change in individual ownership or corporate or partnership structure.

Location change.—Any change in street, city, or State location.

Business activity change.—(a) Entering into or withdrawing from manufacturing, wholesaling, or distributing of depressant, stimulant, or hallucinogenic drugs; (b) change in type of operation concerning the above drugs; (c) addition or deletion of other names used by establishment in drug-producing or drug-handling activities.

Item 3—Type of ownership

Check the appropriate box to indicate type of ownership. If your establishment is a corporation, also name the State where incorporated.

Item 4—Name and location of establishment

Enter the official name of the establishment, including plant designation if a multiple establishment company.

Location.—Enter the address of the actual physical location of the establishment.

If the establishment is located within the legal boundaries of any city or town, give the street address, city or town, State and ZIP code.

If the establishment is not located within the actual boundaries of any city or town and does not have a street address, enter the road name or highway number upon which the establishment is located, the distance and direction from the nearest town or city, State, and ZIP code.

If mail is delivered to a post office box in another city, indicate the mailing box number and city as "in care of" (c/o) following the location address.

Item 5—Other names used by establishment in drug-producing or drug-handling activities

List all names under which the establishment conducts drug activities at the location shown in item 4. If none, write "None."

Item 6—Name of owner or names and titles of partners or corporate officers and directors of the establishment

Enter the name of the owner or the names and titles of the partners or corporate officers and directors as of the date this form is certified as correct. If more space is required, attach sheet(s) in quadruplicate.

Item 7—Depressant, stimulant, or hallucinogenic drugs

Please refer to the definitions on page 5 of the registration form (FD-1597), then check the appropriate box to indicate whether or not you handle these types of drugs. If "Yes" also check the box describing type of operation.

Item 8—Certification

An individual authorized to execute documents for the establishment should enter his signature, title, and date signed.

C. COMPLETION OF REGISTRATION PROCEDURE

Return the completed four copies of the form intact to: Department of Health, Education, and Welfare, Food and Drug Administration, Drug Registration, 200 C Street, SW., Washington, D.C., 20204.

The Food and Drug Administration will return a validated copy of the form to the registering establishment.

GOOD MANUFACTURING PRACTICE

The Food and Drug Administration is convinced that most, if not all, of the problems of drug quantity can be solved by compliance with the minimum requirements of the current good manufacturing practice regulations.

Drug makers who have and utilize the good facilities, personnel, and control procedures required by the regulations will produce good drugs. Those who do not, will produce bad drugs, sooner or later. Therefore, compliance with the GMP regulations by all drug firms must be achieved.

The GMP regulations were promulgated in 1963 under one of the important provisions of the Kefauver-Harris Drug Amendments of 1962: Section 501(a)(2)(B) states that a drug is deemed to be adulterated if " * * * the methods used in, or the facilities or controls used for, its manufacture, processing, packing, or holding do not conform to or are not operated or administered in conformity with current good manufacturing practice to assure that such drug meets the require-

ments of this act as to safety and has the identity and strength, and meets the quality and purity characteristics, which it purports or is represented to possess."

Congress enacted this amendment to prevent the development, production, and distribution of faulty drugs which, inevitably, result from faulty manufacturing practices. The idea was to provide authority to correct faulty operations before faulty drugs resulted from it.

From the moment the GMP regulations became effective FDA took the view that it was to the industry's best interest to comply; that compliance could be achieved through a cooperative educational effort.

This FDA attitude grew out of the agency's experience with drug manufacturing problems beginning with the limited inspection authority granted under the 1938 act. In the early 1940's FDA observed a great improvement of good manufacturing facilities and controls which were introduced by a significant proportion of the pharmaceutical industry.

In 1948-49 FDA held a series of conferences to develop procedures and techniques for drug inspections. These were based on a survey of those practices which the industry had developed and which were labeled by the more progressive manufacturers as "good manufacturing practices."

Thus, FDA's inspection procedures for drug plants included instructions to look for the conditions and practices currently accepted as the best in the industry. At the policy level decisions were made on the same basis.

Since compliance with these practices was not mandatory, there were great discrepancies between the excellence of facilities and operations from plant to plant, and within plants under the same management. Without some common rules and definitions there could be no common agreement among industry as to what actually constituted "good manufacturing practices."

The 1962 amendment was intended to provide the rules. The GMP regulations provide general guidelines setting minimum requirements defining "Current good manufacturing practice." These minimum standards are supplemented by additional requirements imposed through the new drug and certification procedures.

In brief, these guidelines say:

1. Buildings shall be of suitable design, size, and construction to provide for adequate manufacturing, laboratory, and storage facilities.
2. Key personnel responsible for production and control operations should be appropriately qualified by education, or experience, and a history of competent and reliable performance to insure the integrity of drug products.
3. Raw materials shall be properly stored, appropriately tested before use, containers clearly identified, and records maintained on each lot of raw material showing its origin, control, and disposition.
4. A master-formula record shall be properly maintained with explicit instructions as to the steps in preparing drugs. Batch records shall be properly prepared and maintained, to show each phase of production, including check weighing and other controls necessary to avoid mistakes and errors. Each batch record shall be identified with a suitable identification number by which it should be possible to trace details of manufacture and control.
5. Processing equipment shall be cleaned between batches to prevent cross-contamination.
6. All in-process materials and equipment shall be identified as to product, batch number, and date of manufacture, etc., to prevent mixups.
7. Special precautions essential in the manufacture of parenterals are required, including facilities for aseptic filling in sterile areas.
8. Quality control units must have adequate facilities, and make necessary checks and tests to maintain the identity, strength, purity, and quality of each lot of each product.
9. Controls shall be maintained for packaging and labeling. This shall include an accounting for the labels issued and used, as well as disposition of reject units.
10. Adequate records covering distribution shall be maintained by code number of products to facilitate tracing lots in the event of injury or other circumstances necessitating recall.
11. Complaint files are required for all products.
12. Reserve samples of drugs should be maintained for 2 years after distribution has been completed.

When the regulations were proposed in 1963, there were comments which accounted for improvements incorporated in the final regulations. After 3 years there is general acceptance of the GMP regulations. The questions that have

arisen are those posted by members of industry and answered by their colleagues and FDA experts in the open discussions that have been created through FDA's educational effort.

This has been an enormous and well-publicized undertaking. There have been conferences, seminars, workshops, visitations, correspondence, demonstrations—at the national, regional, and local levels. The general guidelines of the regulations have been discussed, analyzed, explained, tested, but not challenged. FDA has found that there are many techniques and practices which meet the minimum requirements and many that excel. The agency has concluded that the regulations fairly apply to the small manufacturer as well as the giant corporation.

FDA will continue the GMP workshops and seminars, along with other educational efforts, because the agency sincerely believes that manufacturers want to find the means for voluntary compliance. However, as everyone knows, there comes a time in the educational process when the state of knowledge and the ability to use it must be tested.

One of the tests is the incidence of drug recalls due to manufacturing errors. And this incidence must be viewed in the perspective from 340 in fiscal year 1965 to 446 in fiscal year 1966 (July 1, 1965, to June 30, 1966). Analysis of the fiscal year 1966 recalls shows that 351, or 78 percent, were for reasons which could be related to a failure to observe the GMP regulations. These include potency variation, cross-contamination with other potent drugs, nonsterility, label mixups, decomposition, adulteration, such as contamination of ophthalmic ointments with metal particles, and substandard qualities, such as failure to meet all requirements of the official compendia.

Another test was FDA's so-called potency survey in the early part of 1966. While the results from this "survey" should not be projected for the industry, the fact remains that of the 4,600 samples examined from some 250 manufacturers approximately 8 percent were found to be significantly under or over the declared potency.

A third test is analysis of establishment inspection reports which show "Inadequate manufacturing control procedures" at the top of the list of poor conditions which were observed in one out of four of the drug plants inspected during fiscal year 1966. Further analysis shows these to occur in prescription drug plants in the following order: (1) Packaging and labeling, (2) Master formula and batch records, (3) Components, (4) Laboratory controls, (5) Distribution records, (6) Production controls, (7) Buildings, (8) Complaint files, (9) Stability, (10) Product containers, (11) Equipment, and (12) Personnel.

By these and other tests, FDA is disappointed in the apparent lack of application of the lessons learned in the educational effort. There is some evidence indicating that cross-contamination by penicillin has been reduced through application of GMP techniques; the incentive for other voluntary improvements has not been sufficient.

The incentive must be provided. The public is demanding not only proof of drug safety and effectiveness before marketing, but proof of quality during marketing. That demand can be satisfied by compliance with the requirements of the GMP regulations. If compliance can be achieved, the public interest will be served, and each firm meeting or excelling the standard will justify its position in the marketplace. If compliance cannot be achieved, the public is at risk, and such firms cannot be allowed to cause a public health hazard.

The incentive for compliance will be provided through enforcement of the GMP regulations. FDA has decided that ample time has been given to the educational process; that every firm in the business has had an opportunity to decide what must be done, and to do it.

During the past 3 years, each drug manufacturer has had the opportunity to evaluate his buildings and other facilities in terms of what is "suitable" and "adequate." He has had time to make the judgments necessary for a state of compliance.

The time has come to bring court actions, as the law provides, against those not in compliance. FDA has issued instructions to its field offices to recommend appropriate action (seizure, prosecution and/or injunction) when material violations of the GMP regulations are found. The charges are to be made under section 501(a)(2)(B); the recommendation need not include charges under other sections of the act.

FDA intends to discharge this enforcement policy fairly on a national basis with the objective of achieving compliance by all drug manufacturers.

PUBLIC HEALTH SERVICE AUDIOVISUAL FACILITY—FILM RELEASE

TITLE

FDA special report: Drug abuse—bennies and goofballs, AM-1362 16 millimeter, black and white, sound, 20 minutes, 1966, cleared for television.

PURPOSE

To discourage human experimentation with drugs without supervision of a physician by dramatizing the perils of such experimentation.

CONTENTS

This film is a hard-hitting documentary report narrated by Paul Newman with commentary by Dr. James L. Goddard, Commissioner, Food and Drug Administration, on the proper use—and misuse—of two major classes of prescription drugs—the amphetamines and barbiturates. Based on interviews with four actual victims of pep-pill and sleeping-pill abuse, the film dramatically details the dangerous psychological and physiological effects of “pill popping,” and explains how the new drug abuse control amendments will help control this explosive sociological trend.

AUDIENCE

General public, with particular emphasis on high school and college students.

PRODUCTION

Produced by the Food and Drug Administration, U.S. Department of Health, Education, and Welfare.

AVAILABILITY

Free short-term loan from Public Health Service Audiovisual Facility, Atlanta, Ga. 30333, attention of distribution unit.

Purchase from Precision Film Laboratories, 21 W. 46th Street, New York 36, N.Y.

The following educational materials are available or in process of production.

I. Movies

A. *LSD: Insight or Insanity*

This film documents the dangers of unsupervised use of LSD and explains what we know about its physiological and psychological actions. It is designed to counter misinformation that exists about LSD.

The film 16 millimeter sound, in color, and runs 18 minutes long. It cost \$200 to purchase and 3-day rental is \$15. It is available from Bailey Films Inc., 6509 DeLothrop Avenue, Hollywood, Calif. 90028.

Preview prints are available without charge for purchase consideration. Schools can use NDEA title III and ESEA funds for purchase of the film.

B. *LSD-25*

This film is particularly appropriate for college age persons and those who may be in a high risk group. It poses a very balanced point of view about the use of LSD and gives the viewer an insight into the kinds of changes in the abuser that may be brought about by taking the drug.

The running time is 27 minutes for this 16 millimeter color film and the price is \$275, plus tax. It is available from Professional Arts Inc., Post Office Box 8484, Universal City, Calif. 91605.

C. *The Mind Benders*

This film attempts to get the interest of young people by using modern themes and by avoiding preaching. It is presented through an experienced and respected narrator who shows wisdom and authority without pedantry. It presents the issues and the risks of hallucinogenic drug taking so that young people may make their own decisions about drugtaking on a more informed basis.

It is a 16 millimeter, black and white, and color film produced by Vision Associates, 680 Fifth Avenue, New York, N.Y.; it will be completed under contract with FDA by September. It will be available from the Public Health Service Audiovisual Facility, Atlanta, Ga. 30333, Attention: Distribution Unit.

D. FDA Special Report: Drug Abuse—Bennies and Goofballs

The purpose of this film is to discourage human experimentation with drugs without supervision of a physician, by demonstrating the perils of experimentation. The film is a documentary report narrated by Paul Newman with commentary by Dr. Goddard, Commissioner of Food and Drugs. It describes several types of misuse of amphetamines (bennies) and barbiturates (goofballs). Interviews with for abusers of pep pills and sleeping pills dramatically portray psychological and physiological effects of drug abuse. The audience for this film is the general public. This film has been shown in Australia, Canada, New Zealand, and India, as well as being used extensively in this country. Approximately 800 copies of the film have been sold. Each BDAC field office has six copies for loan and the film is shown on an average of 40 times a month in this country. It is available on free short-term loan from: Public Health Service Audiovisual Facility, Atlanta, Ga., 30333, Attention: Distribution Unit. The film may be purchased from: Precision Film Laboratories, 21 West 46th Street, New York 36, N.Y.

II. Educational projects

The Food and Drug Administration has a contract with the National Association of Student Personnel Administrators. The overall purpose of the contract is to promote an educational program in the area of narcotics, marijuana, and dangerous drugs. The amount of the contract is \$86,000 and the period covered is September 1966 through September 1967. Specifically, the purpose of the project is:

1. To develop a program that will improve the awareness and understanding of student personnel workers with regard to problems associated with barbiturates, amphetamines, LSD (and other hallucinogens), marijuana and narcotics, so that they may in turn communicate more effectively with students and the academic community about such problems.
2. To bring about a sharing of such information and experiences associated with these drugs among all student personnel educators, i.e., those with assignments in counseling, student health and related special areas, as well as the general administrators.
3. To search for effective means of educating students concerning the facts regarding such drugs and narcotics.
4. To prepare professionally "readable" written materials for use by personnel.
5. To establish regional seminars, conferences, programs, and meetings. During February, March, and April, approximately 1,500 college deans participated in these conferences, both national and regional. An evaluation of the effectiveness of these means of educating the deans is now being carried out. Results of the evaluation are expected late this fall. As result of this approach, approximately 26 college conferences on drug abuse have been held across the country since March 1967. Enclosed for your information is a copy of the material that each of the deans who attended the conferences received. By the time college starts this fall a handbook for college counselors on drug abuse will be available to complete the contract. The handbook will be approximately 100 pages and will contain information that will help the college counselor deal more effectively with questions on drug information and drug abuse as they arise on the individual campuses. Approximately 10,000 copies of this handbook will be available for distribution.

MATERIAL USED BY FDA TO FILL REQUEST FOR INFORMATION ON DRUG ABUSE

BDAC fact sheets.
The BDAC Bulletin.
"The Menace of Drug Abuse," by Dr. James L. Goddard.
"The Medicated Man," a speech by Dr. Goddard.
Phamplet—"Drug Abuse Is a Growing Problem."
Map showing location of BDAC field offices.
Preliminary identification of certain restricted drugs.
Speakers kit.
"Drug Abuse Control": reprints of article in the FBI Law Enforcement Bulletin. Story submitted by BDAC.
"Attack on Drug Abuses": Published in Smith Kline & French Hospital Pharmacy News. Story submitted by BDAC.

The National Education Association magazine will carry an article prepared by BDAC, in their September or October issue on drug abuse on campus. Circulation is 1,250,000.

Look magazine is coming out with a major article in August on drugs and drug abuse. FDA papers will carry articles on drugs and drug abuse two to four times a year. Reprints from FDA papers are sent to each field office and used for limited handout material.

Arrangements have been made with the National Committee on Discussion and Debate, Eugene, Oreg., to furnish material to 12,000 high schools throughout the country to use next school year in the debate programs. The material includes: Fact sheets; "Outline on Drug Abuse"; speech, "The Medicated Man"; and the article in American Education by Dr. Goddard. This material is being mailed now.

"Drugs and Driving": Is a new pamphlet that is presently being prepared and will be used as a general handout item. Arrangements have been made with the American Automobile Association to allow them to use this in their drivers' education program throughout the Nation.

A "Dear Pharmacist" letter is printed approximately once a month and sent out to 55,000 pharmacists explaining the drug abuse control amendments and other aspects of the pharmacists obligations concerning controlled drugs.

Assistance has been given by BDAC to media for the preparation of TV and radio programs and written articles that have appeared in newspapers and magazines.

DRUG ABUSE IS A GROWING PROBLEM

Most adult Americans have long thought that only the narcotics—opium, morphine, and heroin—lead to abuse; but in fact, many therapeutically useful medicines have become a menace through medical misuse and social abuse. When young people are involved, drug abuse is especially tragic.

What nonnarcotics are abused?

Barbiturates, such as phenobarbital, pentobarbital, amobarbital, and secobarbital are valuable in inducing sleep or sedation. They are misused by those who take them to hide from the pressures of life or to give a temporary feeling of well-being. They are often taken with alcohol to boost the effect. The consequences may include drowsiness and confusion, inability to think clearly, and inability to coordinate muscular action when standing or walking. The individual may be depressed, irritable, morose, and quarrelsome. He may show poor judgment, and find it difficult to perform simple tasks. Barbiturates may cause more confusion mentally and emotionally and cause poorer muscular coordination than opium, and when taken in excessive quantities at frequent intervals over a period of time, are addicting like narcotic drugs. Sudden, complete withdrawal of barbiturates from an addicted person usually results in convulsions and often mental disturbances resembling those in delirium tremens. Death may follow in extreme cases. In addition, barbiturates lead all other drugs as a cause of accidental death. But before the problem reaches this stage, there may be loss of ability to hold a job, delinquency, criminal involvement, and a serious health problem.

Amphetamines are used under a physician's direction, with other measures, in the treatment of mild depression, obesity, and alcoholism. They are abused by some motor vehicle operators who drive too long without sleep; by athletes who are unaware of the harmful effects involved; by test-cramping students who do not know that writing coordination may be impaired; and by unstable people seeking thrills. Abusers of amphetamines may become nervous, restless, and highly talkative. Symptoms of abuse include: rapid pulse, sweating, heightened blood pressure, muscular tremors, spasms, and sometimes mental disturbances. Increasingly large doses become necessary to produce the original effect a tolerance to the drug grows. Excessive daily doses may "hook" the user to the habit, and produce weird hallucinations with devastating results. Drivers under the influence of "pep pills" may see "ghosts," or collapse from exhaustion, and cause highway accidents. Habituation to either barbiturates or amphetamines may lead to use of marijuana and other narcotics.

What you can do

If a drug abuse problem arises in your family, there is immediate need for a forthright attack on the problem. Get help first from your doctor. Sudden with-

drawal may not be advisable, especially from barbiturates. If you suspect that pills are being peddled at your school, or sold illegally anywhere in your neighborhood, notify the school authorities or the police. They will take it from there.

Narcotics are not the only drugs that can be habitforming, addictive, and highly dangerous.

Many so-called nice drugs, if misused, can cause crime, broken health and fatal accidents. In this group: Amphetamines (pep pills, bennies) and Barbiturates (sleeping pills, goofballs).

Teenagers, young adults, or anyone else who "experiments" with these drugs—or who uses them carelessly for medical purposes—is asking for real trouble.

MAIMONIDES MEDICAL CENTER,
MAIMONIDES HOSPITAL,
Brooklyn, N.Y., June 20, 1967.

HON. DANTE B. FASCELL,
Representative from Florida,
House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE FASCELL: I am pleased to hear that your subcommittee is investigating the attempts of the criminal underworld to take over the illicit market in LSD and similar drugs. This issue is an extremely important one; unfortunately, the Government's actions to date have assisted rather than hampered the criminal underworld.

In 1966 I attempted to elicit the interest of Senator Robert F. Kennedy in this problem. I wrote him, in part, the following statement:

Legislation and directives at the Federal and State level concerning LSD and other psychedelic drugs are both unwise and harmful. The number of individuals using LSD increases daily. The casualty rate is, by and large, the result of emotional instability coupled with impure "black market" ingredients and fear of police arrest.

When the restrictive legislation went into effect, I predicted that the criminal underworld would soon move into the LSD "black market." I regret to state that my latest information supports this prediction.

At the present time, there is no public official of national stature who calls into question the rash of ill-advised governmental activity pertaining to LSD. As a result, research activity has diminished, illegal usage of LSD is producing unfortunate results, and the criminal underworld is coming into contact with citizens who were previously law abiding.

For several years, I have favored the expansion of research projects so that mature individuals who, for one reason or another, desire to have an LSD experience can have such an experience legally and safely. Such LSD researchers as Robert Mogar, Willis Harman, Jean Houston, and Robert Masters guided over 500 individuals through the LSD experience before their research projects were terminated due to governmental restrictions. At the present time, it is impossible for any American to have a legal LSD experience unless he is an alcoholic, a psychoneurotic, or terminal cancer case being treated in one of the six remaining research centers.

Therefore, I applaud your decision to hold hearings on this topic before the criminal underworld makes even greater inroads into the illegal traffic of these drugs.

Very truly yours,

STANLEY KRIPPNER, Ph. D.,
Senior Research Associate.

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